

ATTORNEY GENERAL OF THE STATE OF NEW YORK  
ROCHESTER REGIONAL OFFICE

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In the Matter of the

Investigation by, ERIC T. SCHNEIDERMAN  
Attorney General of the State of New York, of

Assurance No. 11-056

MICHAELS STORES, INC.

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**ASSURANCE OF DISCONTINUANCE  
PURSUANT TO NEW YORK EXECUTIVE LAW § 63(15)**

Pursuant to New York Executive Law ("Executive Law") § 63(12) and New York General Business Law ("GBL") Article 22-A, ERIC T. SCHNEIDERMAN, Attorney General of the State of New York caused an investigation to be made into the advertising and retail sales practices of Michaels Stores, Inc. (hereinafter "Michaels" or the "Company").

This Assurance of Discontinuance ("Assurance") contains the findings of the Attorney General's investigation and the relief agreed to by the Attorney General and Michaels (collectively, "the parties").

**FINDINGS**

1. Michaels is a Delaware corporation authorized to conduct business in the State of New York. Its corporate offices are located at 8000 Bent Branch Drive, Irving, Texas 75063.
2. Michaels is an arts and crafts specialty retailer that sells ready-made frames, custom framing services, and a wide selection of art supplies. Michaels operates 1,047 stores in North America including 52 stores located in New York under the Michaels name. Michaels also operates 137 stores under the Aaron Brothers name, all of these stores are located outside of New York State. In fiscal year 2010, Michaels had sales of \$4 billion for all of its operations.

### **Deceptive Advertising Practices**

3. Michaels advertises its merchandise to consumers through a variety of means including direct mail and email, print media, Internet Social media, on-line websites, and in-store signs and pamphlets.

4. In 2008, Michaels adopted a pricing policy that, among other things, limited the period of time an item could be as "on sale" to 60% of the time in the U.S. and 50% of the time in Canada. Michaels applied the policy to standard products but specifically excluded custom framing from the policy to gain market share. Michaels began to aggressively advertise discounts of its custom framing service without any internal pricing policy to achieve compliance with state and federal sales and advertising laws and regulations.

5. From at least February 2009 to present, Michaels engaged in bargain advertising in New York that promoted its custom framing services as on sale discounted "50% off", "55% off", "60% off" and "\$50 to \$150 off" from its regular prices.

6. Michaels continuously advertised its custom framing service as a discounted sale item for more than 104 consecutive weeks. Michaels' advertised price comparisons between the sale price and the regular price are deceptive because the regular price is not a bona fide regular price. After an extended period of time, the sale price of "50% off" was no longer a special value but in fact simply Michaels' regular price.

7. Each of Michaels' advertisements describes its sales as being of limited duration, thus creating the false impression that the price will increase back to the "regular" price if a consumer does not make a purchase by the end of the sale. In fact, the price does not increase back to the regular price at the conclusion of a sale, as consumers can buy the product at

the sale price during on any day. The ads either listed the limited dates during which the sale prices were available or indicated "sale price this week only!" A copy of Michaels' custom framing advertisement is attached as Exhibit A.

8. Between February 2009 and the present, Michaels issued coupons to consumers by direct email that purported to give consumers "50% off custom framing" these coupons contained the limiting language "May not be combined with any coupon, sale or discount in effect." Over the prior two years, the Michaels 50% off coupons were rendered worthless to consumers because there were no dates when Michaels offered custom framing without some type of discount. A copy of Michaels' custom framing coupon is attached as Exhibit B.

9. GBL § 349 prohibits deceptive acts and practices in the conduct of a business, GBL § 350 prohibits false advertising and Executive Law § 63(12) prohibits fraud or illegality in the conduct of a business. These statutes, however, do not specifically enumerate proscribed advertising practices, but contain general prohibitions against false advertising and deceptive sales practices. The Federal Trade Commission's ("FTC") Guides Against Deceptive Pricing (16 CFR 233) and Guide Concerning Use of the Word Free and Similar Representations (16 CFR 251.1) offer retailers further guidance on advertising in a non-deceptive manner.

10. Michaels violated the FTC guides against deceptive pricing that require Michaels to " openly and actively offered for sale at the regular price on a regular basis for a reasonably substantial time, in the recent regular course of business, honestly and in good faith and not for the purpose of establishing a fictitious higher price upon which a deceptive comparison might be made." (16 CFR 233.1) Michaels' advertising practices are deceptive because its ads falsely promote custom framing sale prices as 50% off regular prices for a

limited time. The Attorney General's investigation revealed that Michaels has not sold custom framing orders at the "regular" price since fiscal year 2008 which is not recent nor in the regular course of business therefore purported "regular" price is not bona fide but fictitious. Michaels false advertising and pricing practices violate GBL § 350 that prohibits false advertising, GBL § 349 that prohibits deceptive practices and Executive Law § 63(12) that prohibits fraud or illegality in the conduct of business.

### **PROSPECTIVE RELIEF**

WHEREAS, Michaels neither admits nor denies the Attorney General's Findings (1)-(10) above; and

WHEREAS, the Attorney General is willing to accept the terms of this Assurance pursuant to Executive Law § 63(15) and to discontinue its investigation; and

WHEREAS, the parties each believe that the obligations imposed by this Assurance are prudent and appropriate;

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the parties that Michaels shall abide by the following advertising practices:

#### **Definitions**

11. "Advertising" means any statement sponsored by the Company in any medium, including but not limited to, newspapers, magazines, brochures, direct mail pieces, radio and television broadcasts, posters, and online or Internet services.

12. "Clear and conspicuous" means that the statement, representation or term is so presented as to be readily apparent and understood by the person to whom it is being addressed.

### **Disclaimers and Disclosures**

13. When the Company uses disclaimers and footnotes to inform consumers of additional information about advertised offers, it must make certain that their disclaimers do not contradict, confuse, unreasonably limit or materially modify a principal message of the advertisement.

14. Asterisks or other words or symbols used to draw the consumer's attention to the accompanying disclaimer or footnote must be clear and conspicuous and adjacent to the offer which is supplemented by a disclaimer or footnote. All disclaimers and footnotes must be clear and conspicuous and in close proximity to the offer.

15. The Company shall not use print in type so small that it is not easily readable. For the purpose of the Assurance, type size of 10-point or larger is deemed easily readable.

16. The Company shall not use color contrasts that render the text of the offer difficult to read.

17. When making "free" offers, the Company must clearly and conspicuously disclose, at the outset and adjacent to the offer, all terms, conditions, restrictions or eligibility requirements for the free offer. For the purposes of this Assurance, all references to the word "free" include other words of similar import or meaning, including but not limited to "Free," "Buy 1, Get 1 Free," "2 for 1 Sale," "Half-Price Sale" and "1/2 Off."

### **Former Price Comparisons**

18. The Company shall not advertise a "sale" or use any other similar term that states or implies a savings from the advertiser's former price, when the advertised "sale" price is not a significant reduction from the former actual, bona fide price. For the purposes of the Assurance,

a regular price is deemed bona fide when the item was openly and actively offered for sale at the regular price on a regular basis for a reasonably substantial time, in the recent regular course of business, honestly and in good faith and not for the purpose of establishing a fictitious higher price upon which a deceptive comparison might be made.

19. If the former price or the amount or percentage of reduction is not stated in the advertisement (such as promotion of a general “sale”), the Company must ensure that the amount of the reduction is not so insignificant as to be meaningless. The reduction should be significantly large so that the consumer, if he or she knew what the former price was, would believe that a genuine bargain or savings was being offered.

20. The Company shall not use fictitious or inflated regular prices for the purpose of offering a subsequent price reduction. Illustrations of fictitious former prices are the following: (1) prices that are not used in the regular course of business; (2) prices that were not used in the recent past but refer to some remote period in the past without making disclosure of that fact; (3) prices that are not openly offered to the public; (4) prices that are not maintained for a reasonable length of time, but are advertised and then immediately reduced, or (5) prices that are rarely paid by consumers because reductions are offered by salespeople or prices reduced as a result of negotiation. For purposes of the Assurance, a regular price is deemed presumptively bona fide when the item was offered for sale at the regular price more than 55% of the time during the prior business year, and 30% of sales were made at the regular price during that time period.

21. The Company shall scrupulously avoid any implication that a former price is a selling price and not an asking price unless substantial sales, as set forth in paragraph “20” above, are made. Disclosure that a price is an asking price only shall be made clearly and

conspicuously, in close proximity and with equal prominence to, the asking price.

#### **ADVERTISING GUIDELINES**

In addition to the foregoing, the Company agrees to promote quality advertising that comports with state and federal laws that prohibit deceptive acts and business practices and false advertising as follows:

##### **Retail Price Comparison**

22. The Company shall not use retail price comparisons (bargain advertising based on comparisons for prices being charged by other retailers for the same merchandise in the Company's trade area) unless the advertised higher price is based on fact and not fictitious or misleading. The Company shall be reasonably certain that the higher advertised price does not appreciably exceed the price at which substantial sales of the article are being made in the Company's trade area.

##### **Comparable Value Comparisons**

23. The Company shall not use comparable value comparisons (bargain advertising based on a comparison with prices charged by others in the Company's trade area for merchandise of like grade and quality) unless the advertisement makes clear that the comparison is being made with other merchandise that is of essentially similar quality and obtainable in the Company's trade area. In addition, the Company shall be reasonably certain that the price advertised as being the price of comparable merchandise does not exceed the price at which such merchandise is being offered by representative retail outlets in the Company's trade area. Unless a reasonable number of the principal outlets in the Company's trade area are offering the essentially similar item at the purported price, then a comparison with that price would be deceptive.

### **Photographs, Illustrations, Television & Radio**

24. The Company shall not use inaccurate photographs or illustrations in advertisements that conflict with other representations in the offer.

25. The Company shall abide by the following practices in television advertisements: (1) all disclosures shall be presented in either the audio or the video portions of the television advertisement; (2) if video, disclosures must contain text of a font size sufficiently large enough to be easily read by the average viewer; (3) if video, disclosures shall contain letters of a color or shade that is readily visible; (4) if audio, no other sounds, including music, shall obscure disclosures and it shall be presented in a speed and cadence readily comprehensible to the average listener; (5) if video, disclosures shall appear on the screen for a duration at least equal to, the duration of the display of the offer; and (6) the audio or the video portions of disclosures shall immediately follow the specific sales representations to which they relate.

26. The Company shall abide by the following practices in radio advertisements: (1) disclosures shall be delivered in a volume at least equivalent to that employed in communicating the offer and (2) disclosures shall be presented in a speed and cadence readily comprehensible to the average listener.

### **Free Offers**

27. When offering “free” additional merchandise with the purchase of a particular item, the Company shall not increase the price of the item required to be purchased or decrease the quantity or quality of the item required to be purchased.

28. When offering “free” merchandise that is based upon a regular price of the merchandise, the term “regular” means the price, in the same quantity, quality and with the same

service, at which the Company has openly and actively offered the product or service in the Company's trade area in which it is making the "free" or similar offer, in the most recent and regular course of business, for a reasonably substantial period of time, i.e., a 30 day period. For consumer products or services that fluctuate in price, the "regular" price shall be the lowest price at which any substantial sales were made during the aforesaid 30 day period.

29. The Company shall not represent that another product or service is being offered "free" with a sale (including similar representations such as "2 for 1," "50% off" or "half-price sale"), when the product or service is usually sold at a price arrived at through bargaining.

#### **Miscellaneous Price Comparisons**

30. Advertising "factory direct" savings, wholesale prices and other similar terms imply significant savings from prices offered by representative principal retailers in the market, and thereby must be substantiated. The Company shall not advertise a retail price as a wholesale price. The Company shall not advertise factory prices unless the merchandise is being sold at prices paid by those purchasing directly from the manufacturer. The Company shall not use the term "wholesaler," "wholesale outlet," "distributor" or other similar terms unless the Company actually owns and operates or directly and absolutely controls a wholesale or distribution facility which primarily sells products to retailers for resale. The Company shall not advertise "wholesale prices," "at cost" or other similar terms unless they are the current prices which retailers usually and customarily pay when they buy such merchandise for resale.

31. The Company shall not advertise using the terms "liquidation sale," "public notice," "public sale" or similar terms used to connote or imply a court ordered or other forced liquidation of assets, unless such is the case.

32. The Company shall not use any advertising that compares the Company's sale price with a higher price, unless the basis for the higher price comparison is disclosed. For example, "Save \$100" or "Save 25%" would not be appropriate.

#### **Compliance Procedures**

33. The Company shall establish procedures required to achieve compliance with this Assurance and New York State and federal laws.

34. For a period of one year following the execution of this agreement, the Company shall submit for review by retained counsel any substantive changes to the compliance procedures required by this Assurance.

#### **PENALTIES and COSTS**

35. IT IS FURTHER AGREED that the Company shall pay the State of New York at the time of the execution of this Assurance the sum of Eight Hundred Thousand Dollars (\$800,000.00) as civil penalties and costs by wire transfer payable to the "State of New York" delivered to Office of the Attorney General of the State of New York.

#### **PUBLIC SCHOOLS CONTRIBUTION**

36. IT IS FURTHER AGREED that the Company shall make a contribution of art and/or school supplies to eligible public school districts in New York with a value in the aggregate amount not to exceed One Million Dollars (\$1,000,000.00).

37. Any school within a school district in New York State that is located within fifty miles of any Michaels store in New York State ("Eligible School District") is eligible to receive a portion of the contribution.

38. Michaels will pay the Public Schools Contribution ("PSC") by issuing a Michaels gift card in the amount of \$200.00 to each public school within an Eligible School District for which a valid claim is submitted.

39. Michaels shall engage a settlement administrator to coordinate the PSC under terms agreed to by the OAG as follows:

A. Within 30 days after the execution of this Assurance, Michaels shall choose and retain an administrator ("the Administrator"), subject to the approval of the Attorney General, to administer the process of providing the PSC to Eligible School Districts.

B. Michaels shall provide a copy of the contract between it and the Administrator to the OAG for its review and approval, prior to execution.

C. The Eligible School Districts will have 30 days from the date of the OAG notice letter to return the PSC claim form to the Administrator, a copy of the OAG notice letter and claim form are attached hereto as Exhibit C. The Administrator shall review the PSC claim forms and return any incomplete PSC claim form to the sending Eligible School District.

D. Within 45 days after the date of the OAG notice letter, the Administrator shall provide Michaels with the list of schools to receive gift cards.

E. Within 60 days after the date of the OAG notice letter, Michaels will provide the Administrator with a PSC package that will include a letter, in the form of Exhibit D attached hereto, for each Eligible School District that timely returned a completed claim form, Michaels gift cards, instructions for the use of the Michaels gift cards in the form of Exhibit E attached hereto and an OAG cover letter in the form of Exhibit F attached hereto for each school on the list set forth in paragraph D above.

## **COMPLIANCE REPORT TO THE ATTORNEY GENERAL**

40. IT IS FURTHER AGREED that Respondent shall file with the Attorney General, no later than 60 days after executing this Assurance, an affidavit, sworn to by a knowledgeable employee of the Company, demonstrating that it has devised policies and procedures to effect compliance with the terms of this Assurance.

41. IT IS FURTHER AGREED that the Company shall also file with the Attorney General, no later than 120 days after executing this Assurance, an affidavit, sworn to by a knowledgeable employee of the Company, demonstrating that it is operating in full compliance with the terms of this Assurance.

### **MISCELLANEOUS**

42. Any payments and all correspondence related to this Assurance must reference Assurance #11-056.

43. The Attorney General has agreed to the terms of this Assurance based on, among other things, the representations made to the Office of the Attorney General ("OAG") by the Company and their counsel and OAG's own factual investigation as set forth in Findings (1)-(10) above. To the extent that any material representations are later found to be inaccurate or misleading, this Assurance is voidable by the Attorney General in his discretion.

44. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by the Company in agreeing to this Assurance.

45. The Company represents and warrants, through the signatures below, that the terms and conditions of this Assurance are duly approved, and execution of this Assurance is

duly authorized. The Company shall not take any action or make any statement denying, directly or indirectly, the propriety of this Assurance or expressing the view that this Assurance is without factual basis. Nothing in this paragraph affects the Company's (i) testimonial obligations or (ii) right to take legal or factual positions in defense of litigation or other legal proceedings to which OAG is not a party. This Assurance is not intended for use by any third party in any other proceeding and is not intended, and should not be construed, as an admission of liability or violation of law by the Company.

46. This Assurance may not be amended except by an instrument in writing signed on behalf of all parties to this Assurance.

47. This Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective successors and assigns, provided that no party, other than OAG, may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of OAG.

48. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

49. To the extent not already provided under this Assurance, the Company shall, upon request by OAG, provide all documentation and information necessary for OAG to verify compliance with this Assurance.

50. All notices, reports, requests, and other communications to any party pursuant to this Assurance shall be in writing and shall be directed as follows:

If to the Company to: Brian D. Fergemann, Esq.  
Winston & Strawn, LLP  
35 West Wacker Drive  
Chicago, IL 60601  
(312) 558-8024

If to the OAG, to: Benjamin A. Bruce, Esq.  
Assistant Attorney General  
Office of the Attorney General  
144 Exchange Blvd., Suite 200  
Rochester, NY 14614  
(585) 546-7430

51. Acceptance of this Assurance by OAG shall not be deemed approval by OAG of any of the practices or procedures referenced herein, and the Company shall make no representation to the contrary.

52. Pursuant to Executive Law § 63(15), evidence of a violation of this Assurance shall constitute prima facie proof of violation of the applicable law in any action or proceeding thereafter commenced by OAG.

53. If a court of competent jurisdiction determines that the Company has breached this Assurance, the Company shall pay to OAG the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

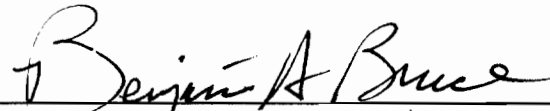
54. The OAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. The OAG is willing to accept this Assurance pursuant to Executive Law § 63(15), in lieu of commencing a statutory proceeding. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

55. Nothing contained herein shall be construed so as to deprive any person of any private right under the law.


IN WITNESS WHEREOF, this Assurance is executed by the parties hereto on

September 7, 2011.

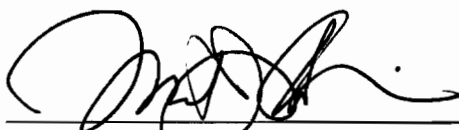
ERIC T. SCHNEIDERMAN  
Attorney General of the State of New York

By:   
Benjamin A. Bruce, Esq.  
Assistant Attorney General

WINSTON & STRAWN, LLP  
Attorneys for Michaels  
as to form

By:   
Brian D. Fergemann, Esq.

MICHAELS STORES, INC.

By:   
Michael J. Veitenheimer, Senior Vice President,  
Secretary and General Counsel

# **EXHIBIT A**



Michaels.com website February 6, 2011

# **EXHIBIT B**

Michael's

Michael's, Your Trusted Custom Framer

Valid: Sunday, March 27-Saturday, April 2, 2011

**50% OFF** Your Custom Framing Order\*

THOUSANDS OF CHOICES WITH OVER 480  
MAT COLORS AND OVER 500 MOULDINGS.

EXCLUDES BRUSHSTROKES PORTRAITS,  
ENGRAVED PLATES, TV FRAMING  
HARDWARE KITS, AND STICKS AND  
STONES PHOTOS.

WE ACCEPT COMPETITOR CUSTOM  
FRAME COUPONS.

**e-coupon:**  
400100667842

**valid:**  
3/27/2011-4/2/2011



\*Must purchase a custom frame.

Offer valid on custom framing order placed  
Sunday, March 27 through Saturday, April 2, 2011.  
May not be combined with any coupon, sale or  
discount in effect. Bring coupon in to store to  
redeem offer.

# **EXHIBIT C**



STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN  
Attorney General

DIVISION OF REGIONAL OFFICES  
ROCHESTER REGIONAL OFFICE

<Date (A)>

Re: Michaels Stores, Inc. Agreement

Dear School District Administrator:

In August 2011, the Office of the Attorney General (OAG) concluded its investigation into the advertising practices of Michaels Stores, Inc. (Michaels). The OAG concluded that certain Michaels advertisements were misleading. Based on a settlement agreement reached between Michaels and New York State Attorney General, Eric T. Schneiderman, Michaels agreed to contribute up to \$1 million dollars worth of arts, crafts and school supplies to public schools in New York State within 50 miles of a Michaels store. Michaels cooperated with the investigation and agreed to change its advertisements, improve its pricing compliance and pay a fine and costs of \$800,000 to settle the investigation.

We have determined that your school district is eligible to receive a \$200.00 Michaels' gift card for each school in your district. Accordingly, we have enclosed a Claim Form, please complete it and return it to the address below.

If you have any questions about the agreement, you may contact the consumer protection bureau of the New York State Attorney General's Rochester Regional Office at (585) 546-7430.

**Please complete and return the claim form within 30 days to:**

**Michaels Settlement Administrator  
10 Vantage Point, Suite #1  
Rochester N.Y. 14624  
Fax: 585-617-4688  
email: info@go2mti.com**

Very Truly Yours,

CONSUMER PROTECTION BUREAU

**MICHAELS SETTLEMENT  
PUBLIC SCHOOLS CONTRIBUTION  
CLAIM FORM**

**SCHOOL DISTRICT INFORMATION**

1. **School District Name:** \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_, State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

2. **Address where the Michaels gift card(s) should be delivered (if different from above)**

Name of Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

3. **Schools within the School District**

I am requesting a Michaels gift card for each school listed below:  
(Attach additional sheets if necessary)

**School Name**

**Address**

<b><u>School Name</u></b>	<b><u>Address</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**I certify to the New York Attorney General that the information provided on this form and any attachments is true and correct to the best of my knowledge.**

**SIGNATURE:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Name printed** \_\_\_\_\_ **Title** \_\_\_\_\_

**Please complete and return this form within 30 days to:**

**Michaels Settlement Administrator  
10 Vantage Point, Suite #1  
Rochester N.Y. 14624  
Fax: 585-617-4688  
email: info@go2mti.com**

# **EXHIBIT D**



Month XX, 2011

Name  
Title  
School District  
Address  
City, NY XXXXX

Dear [Educator],

You recently received a letter from the Office of the Attorney General of the State of New York about an agreement reached as the result of an investigation which requires Michaels to provide the state's local public school districts with a \$200 Michaels gift card for each school within the district. Your district's claim form has been received, and the requested number of Michaels gift cards is enclosed.

Also enclosed is a letter to be distributed to each school with the school's Michaels gift card with instructions on how to activate the card. The cards will not work prior to activation, and must be activated within 60 days from the date of this letter. Please distribute this letter with the Michaels gift card to each receiving school to ensure ease of shopping.

We look forward to contributing to your district's needs. If you have questions, please contact Michaels customer care at 1-800-642-4235 (1-800-MICHAEL).

Sincerely,

[NAME]  
Title  
Michaels Stores, Inc.

# **EXHIBIT E**



Month XX, 2011

Your school district has applied for and received the enclosed Michaels gift card for your school in the amount of \$200.

To activate the enclosed card, please complete the following steps within 60 days of the date of this letter:

1. Log on to [www.michaels.com/nygc](http://www.michaels.com/nygc).
2. Fill out the pre-populated form with your name, email address, phone number, school & district and the gift card number, including the PIN number located on the back of the card.
3. You will receive a confirmation once complete and your card will be activated and ready to use within 48 hours.
4. Once activated, shop at your nearest Michaels stores for classroom décor, art supplies and more.

If you have problems activating your gift card, call Michaels customer care at 1-800-642-4235 (1-800-MICHAEL) within 60 days to avoid a possible loss of credit.

Michaels is the nation's largest arts and crafts specialty retailer. Because Michaels supports teachers, their contributions to America's future and their mission to aid learning through creativity, Michaels offers teachers an *everyday 15 percent discount* off their entire purchase by simply showing their district I.D.s (some exclusions apply, see a store associate for details).

Teachers may use the discount when making purchases with the Michaels gift card and on other purchases.

We look forward to inspiring you and your students at your nearest Michaels.

Sincerely,

[NAME]

Title

Michaels Stores, Inc.

# **EXHIBIT F**



**STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL**

**ERIC T. SCHNEIDERMAN**  
Attorney General

**DIVISION OF REGIONAL OFFICES  
ROCHESTER REGIONAL OFFICE**

<Date (A)>

Re: Michaels Stores, Inc. Agreement

Dear Educator:

In August 2011, the Office of the Attorney General (OAG) concluded its investigation into the advertising practices of Michaels Stores, Inc. (Michaels). Based on a settlement agreement reached between Michaels and New York State Attorney General, Eric T. Schneiderman, Michaels agreed to contribute up to \$1 million dollars worth of arts, crafts and school supplies to public schools in New York State within 50 miles of a Michaels store.

We have determined that your school is eligible to receive the enclosed \$200.00 Michaels' gift card. Within 60 days of the date of this letter, you must activate the card or contact Michaels if you have problems activating the card.

Very Truly Yours,

**CONSUMER PROTECTION BUREAU**