

STATE OF MINNESOTA

COUNTY OF HENNEPIN

DISTRICT COURT
FOURTH JUDICIAL DISTRICT
Case Type: Other Civil
(Employment)

State of Minnesota, by its Attorney General,
Keith Ellison,

Court File No. 27-CV-22-15991

The Honorable Jamie L. Anderson

Plaintiff,

vs.

**SETTLEMENT AGREEMENT,
RELEASE, AND ORDER**

Shipt, Inc.,

Defendant.

WHEREAS, this Settlement Agreement, Release, and Order (hereinafter “Settlement Agreement”) is entered into between Plaintiff, State of Minnesota, by its Attorney General Keith Ellison (the “Attorney General”) and Defendant, Shipt, Inc. (“Shipt”);

WHEREAS, the Attorney General is authorized under Minnesota Statutes chapter 8 and common law authority, including *parens patriae* authority, to enforce Minnesota’s laws, vindicate the State’s sovereign and quasi-sovereign interests, and remediate all harm arising out of—and provide full relief for—violations of Minnesota’s laws;

WHEREAS, Shipt is a foreign corporation organized under the laws of Delaware and with a principal place of business located in Birmingham, Alabama.

WHEREAS, the Attorney General filed a Complaint in this matter on October 27, 2022 (“the Action”) alleging that Shipt misclassified its same-day delivery workers (“Shoppers”) as independent contractors in violation of Minnesota Statutes section 181.722 and violated

provisions of the Minnesota Fair Labor Standards Act (Minn. Stat. § 177.21 *et seq.*), and the Payment of Wages Act (Minn. Stat. § 181.01 *et seq.*);

WHEREAS, Shipt answered the Complaint on December 22, 2022, and denied the Attorney General's allegations; and

WHEREAS, the Attorney General and Shipt (collectively, the "Parties") desire to resolve fully the Action by entering into this Settlement Agreement;

NOW, THEREFORE, the Parties agree to entry of an order with the following terms and conditions:

DEFINITIONS

- A. "Action" shall mean the case styled as *State of Minnesota, by its Attorney General Keith Ellison, vs. Shipt Inc.*, Court File No. 27-CV-22-15991, in the State of Minnesota, Hennepin County District Court.
- B. "Effective Date" shall mean the date on which the Court signs the Order approving this Settlement Agreement.
- C. "Shipt" means Shipt, Inc., which does business as Shipt, including its principals, officers, directors, agents, servants, employees, and independent contractors; its parents, affiliates, subsidiaries, and successors; and those persons acting in concert or participation with Shipt who receive actual notice of this Order.
- D. "Shopper App" or "App" means Shipt's mobile phone application through which Shoppers receive Shipt orders.
- E. "Shopper Hub" refers to the online informational resources that Shipt makes available to all Shoppers.

F. “Shopper” means any person who worked through Shipt’s platform by performing shopping and delivery services at Shipt retail partners in Minnesota and/or for Shipt customers who are located in Minnesota.

PROSPECTIVE TERMS

1. To the extent Shipt has not done so already, Shipt will implement all provisions of the terms in Paragraphs 2–14 within 30 days of the Effective Date.

2. Except for deactivations related to fraud prevention, platform security, and Shopper inactivity on the platform, each time Shipt deactivates a Shopper’s access to the Shipt Shopper App, Shipt shall give written notice to the Shopper at the time of deactivation. The deactivation notice must include a written statement identifying the specific contractual provision that the Shopper violated.

3. Shipt shall maintain an internal process for Shoppers to appeal any decision by Shipt to deactivate the Shopper’s access to the Shipt Shopper App. A deactivation appeals form shall be made available to Shoppers via the Shopper Hub, the Shopper App, or other location that is easily accessible to all Shoppers. Shipt will provide a written response to each deactivation appeal within three (3) business days.

4. Regarding orders received through the Shipt marketplace platform, for any customer rating below five stars, Shipt shall request that the customer provide additional feedback specifying the reason for the rating. If the rating is below five stars, customers will be prompted to give a reason (e.g., missing items) and will further have an “other” option to capture different reasons for their rating.

5. Shipt shall institute an electronic process by which Shoppers can request ratings and late forgiveness. Shipt shall provide a description of the ratings and late forgiveness process on the Shopper Hub.

6. Shipt will not require Shoppers to undergo mandatory training, except for certifications to deliver alcohol or other legally necessary certifications. Nothing in this Agreement shall prohibit Shipt from offering videos or other materials that Shoppers may choose to review in their discretion.

7. Shipt shall continue to provide Shoppers with Occupational Accident Insurance. The Occupational Accident Insurance shall provide primary coverage and recognize that that the driver is a Shipt Shopper or otherwise using a vehicle to deliver goods for compensation from Shipt and covers the driver during the time a Shipt order is active. The Occupational Accident Insurance policy shall, at a minimum, cover medical expenses with a total combined single limit of \$1,000,000 per accident and disability payments up to \$500 per week. Shipt must not deduct payments for Occupational Accident Insurance from a Shopper's earnings. Shipt's Shopper Hub shall contain a description of the policy and instructions on how to file a claim.

8. Shipt shall maintain true and accurate records of Shopper earnings for three years and make Shoppers' weekly pay records available upon the Shopper's request.

9. Shipt shall provide Shoppers with timely chat support through the Shopper App. Additionally, Shipt shall provide Shoppers with the opportunity to speak with live Shipt personnel, trained by Shipt to have reasonable familiarity with Shipt's relevant policies and provide accurate information.

10. Shipt designates legal@shipt.com as a point of contact within the company to receive any complaints from Minnesota Shoppers referred by the Attorney General, including but not limited to complaints from Minnesota Shoppers related to provisions of this Settlement Agreement or complaints related to a Shopper's contract with Shipt. Shipt shall take reasonable steps to investigate and resolve any such complaint. Upon request, Shipt shall produce to the Attorney General the disposition of any such complaint.

11. Shipt will not keep any portion of any tips or gratuities that Shoppers receive.

12. Shipt will not retaliate against any Shopper on the basis that they have cooperated or are perceived to have cooperated with the Attorney General in this Action, have complained regarding working conditions at Shipt, or have sought the benefits provided to Shoppers under this Settlement Agreement.

13. Shipt has and will continue to maintain policies prohibiting discrimination in any way against any Shopper or prospective Shopper on the basis of race, color, creed, religion, national origin, sex, gender identity, gender expression, transgender status, sexual stereotypes, marital status, status with regard to public assistance, familial status, membership or activity in a local commission, disability, sexual orientation, military or veteran status, or age. “

14. Within 45 days of the Effective Date, Shipt shall submit a statement to the Attorney General that certifies it is in compliance with the terms in Paragraphs 2–13. This statement must also describe Shipt's deactivation and appeals process, including but not limited to any changes as a result of this Settlement Agreement.

15. Shipt shall retain sole discretion over the means used to fulfill the terms of this Settlement Agreement and to accomplish the full relief contemplated by this Settlement Agreement. Nothing herein shall prevent Shipt from fulfilling its obligations to comply with this Settlement Agreement through the actions or assistance of third parties. However, regardless of whether one or more third parties provide assistance, it is solely Shipt's responsibility to ensure that the obligations of this Settlement Agreement are satisfied. Shipt shall not effect any change in their form of doing business, organizational identity, organizational structure, affiliations, ownership, or management composition as a method or means of attempting to avoid the requirements of this Settlement Agreement.

MONETARY RELIEF

16. Within twenty-one (21) days of the Effective Date, Shipt shall pay \$800,000 ("Settlement Sum") to the State of Minnesota. The Settlement Sum shall be made by wire transfer pursuant to the wire-transfer instructions provided by the Attorney General. The Settlement Sum is not consumer enforcement public compensation and shall be deposited in accordance with 2025 1st Spec. Sess., Ch. 13, Art. 8, section 9.

RELEASE

17. In consideration of the terms of this Settlement Agreement and contingent upon the Court's entry of the Order, the Attorney General hereby fully and completely releases Shipt from any and all civil claims raised or which could have been raised by the Attorney General in any way connected with or arising out of the allegations in the above captioned complaint, whether known or unknown, including those pertaining to alleged independent contractor misclassification, alleged breach of contract, alleged violation of

any wage and hour laws, alleged violation of any law relating to employment, up to and including the Effective Date.

18. The Attorney General does not settle, release, or resolve any claim against Shipt held by any private person or entity other than the Attorney General. This release does not apply in any way to claims of any other Minnesota state agency, department, official, or division, including the Minnesota Department of Labor and Industry.

19. In consideration of the covenants set forth herein, within 10 days of the Effective Date, the Attorney General and Shipt shall file a Stipulation of Dismissal with Prejudice, dismissing the Action with prejudice, with each party to bear its own costs, expenses, and attorneys' fees. The Stipulation of Dismissal with Prejudice shall take the form of Exhibit A.

DISPUTE RESOLUTION

20. The parties agree that the Hennepin County District Court shall retain jurisdiction over the enforcement of this Settlement Agreement. The Parties consent to jurisdiction by this Court to hear any motion seeking to enforce this Settlement Agreement.

21. To the extent that the Attorney General believes that Shipt has breached any portion of this Settlement Agreement, the Attorney General shall notify Shipt in writing of the specific concern, identifying with particularity the provisions of this Settlement Agreement that have allegedly not been complied with. Shipt shall respond to any written notice within thirty (30) business days, providing a written response explaining Shipt's compliance or how it intends to remedy the Attorney General's concern. Nothing shall

prevent the Attorney General from agreeing in writing to provide Shipt with additional time to respond to the notice.

GENERAL TERMS

22. Unless otherwise specified within this Settlement Agreement, Shipt's obligations under paragraphs 2–13 of this Settlement Agreement shall continue for a period of two years after the Effective Date.

23. Nothing in this Settlement Agreement shall relieve Shipt of other obligations imposed by any applicable state or federal law, but this Settlement Agreement does not impose any other obligations on Shipt beyond those set forth herein.

24. By entering into this Settlement Agreement, Shipt is not making any admission that it has engaged, or is now engaged, in any unlawful conduct or employment practice, including without limitation in connection with the allegations set forth in the Action and it expressly denies the same. It is understood that the Settlement Agreement is not an admission of liability, but is a compromise of disputed allegations. This Settlement Agreement and any stipulations or other documents filed or entered pursuant to this Settlement Agreement, are not, and shall not be construed as, an admission of liability or wrongdoing on the part of Shipt. Each of the parties is represented by counsel, participated in the drafting of this Settlement Agreement, and agrees that the Settlement Agreement's terms may not be construed against or in favor of any of the Parties by virtue of draftsmanship.

25. On or before executing this Settlement Agreement, Shipt shall provide the Attorney General its taxpayer identification number (TIN). Shipt shall also cooperate in

the Attorney General's completion of Internal Revenue Service Form 1098-F by providing the Attorney General any additional necessary information requested by the Attorney General. For purposes of Internal Revenue Service Form 1098-F, none of the Settlement Agreement sum constitutes restitution, a fine, or penalty.

26. Neither Party shall state that the other Party has approved of, condoned, or agreed with any conduct or action by that Party.

27. This Settlement Agreement constitutes the full and complete terms of the agreement entered into by the Attorney General and Shipt. This Settlement Agreement may not be changed, altered, or modified except by written agreement between the parties.

28. The failure of the Attorney General or Shipt to exercise any rights under this Settlement Agreement shall not be deemed to be a waiver of any right or any future rights.

29. This Agreement, each of its provisions, its execution, and its implementation, including any filings, shall not in any respect be offered, construed as, or deemed admissible in any proceeding for any purpose, except to enforce this Agreement (1) as between the Parties, or (2) as against any person who may assert claims in the future that are precluded by this Settlement Agreement. In addition, notwithstanding that this case is not a class action, neither this Settlement Agreement nor its negotiation, execution, or documents necessary for its implementation, including filings, shall be used as an admission, finding, or evidence that any requirement for class certification has been satisfied or that Shipt has in any way waived a due process defense. Nothing in this

Settlement Agreement shall be construed to limit the power or authority of the State of Minnesota or the Attorney General except as expressly set forth herein.

30. The provisions of this Settlement Agreement, including any issues related to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

31. If the Court requires any modification to any terms of this Settlement Agreement, each Party has the absolute right to terminate the Settlement Agreement by giving notice to the other Party within seven (7) days of the Court's action, in which case the Settlement Agreement will be null and void *ab initio*, and the Parties will retain all rights and defenses that existed as of the time of executing the Settlement Agreement without prejudice.

32. Notices or communications required by or related to this Settlement Agreement must be sent via certified mail or emailed to the following persons, or any person subsequently designated by the parties to this Settlement Agreement to receive such notices:

For the Attorney General:

Lee Atakpu
Manager, Wage Theft Division
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 600
St. Paul, Minnesota 55101
lee.atakpu@ag.state.mn.us

For Shipt:

Andrew Murphy
Faegre Drinker Biddle & Reath LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

andrew.murphy@faegredrinker.com
legal@shipt.com

If mail or email is returned or indicated as undeliverable, notice on the Attorney General shall be made to the Manager or Deputy of the Attorney General's Wage Theft Division, or any successor division that is responsible for civil enforcement of employment law.

33. This Settlement Agreement may be executed in counterparts, each of which constitutes an original, and all of which shall constitute one and the same agreement.

34. Each of the Parties is represented by counsel, participated in the drafting of this Settlement Agreement, and agrees that its terms may not be construed against or in favor of either Party by virtue of draftsmanship.

35. The person(s) signing this Settlement Agreement for Shipt warrants that he or she has been duly delegated authority to execute this Settlement Agreement, that Shipt has been fully advised by their counsel before entering into the Settlement Agreement, and that he or she executed this Settlement Agreement in an official capacity that binds Shipt.

36. Each party shall perform such further acts and execute and deliver such further documents as may be reasonably necessary to carry out this Settlement Agreement.

**PLAINTIFF STATE OF MINNESOTA
OFFICE OF THE
ATTORNEY GENERAL**

DEFENDANT SHIPT, INC.

Dated: September 22, 2025

Dated: September 22, 2025

/s/ Lee Atakpu

/s/ Andrew B. Murphy

Lee Atakpu (#0392792)
Lindsey Wheeler Lee (#0397739)
Paul A. Dimick (#0401245)
Rebecca Katherine Webster (#0401298)
Elana Ahlstrom Gold (#0504804)
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***Attorneys for Plaintiff State of Minnesota
Office of the Attorney General***

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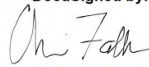
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DEFENDANT SHIPT, INC.

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Dated: September __, 2025

DocuSigned by:



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Chris Falk
Chief Financial Officer
Shipt, Inc.
420 20th Street North, Suite 100
Birmingham, AL, 35203

Chief Financial Officer for Shipt, Inc.

ORDER

Based on the foregoing Settlement Agreement, **IT IS SO ORDERED.**

Dated: _____

The Honorable Jamie L. Anderson
Fourth Judicial District Court Judge

EXHIBIT A

STATE OF MINNESOTA
COUNTY OF HENNEPIN

DISTRICT COURT
FOURTH JUDICIAL DISTRICT
Case Type: Other Civil
(Employment)

State of Minnesota, by its Attorney General,
Keith Ellison,

Court File No. 27-CV-22-15991

The Honorable Jamie L. Anderson

Plaintiff,

**STIPULATION OF DISMISSAL WITH
PREJUDICE**

vs.

Shipt, Inc.,

Defendant.

Pursuant to Rule 41.01(a) of the Minnesota Rules of Civil Procedure, Plaintiff State of Minnesota by its Attorney General, Keith Ellison, and Defendant Shipt, Inc., hereby stipulate to dismiss this case with prejudice and without an award of costs or attorneys' fees to either side.

**PLAINTIFF STATE OF MINNESOTA
OFFICE OF THE
ATTORNEY GENERAL**

DEFENDANT SHIPT, INC.

Dated: September ___, 2025

Dated: September ___, 2025

/s/

/s/

Lee Atakpu (#0392792)
Lindsey Wheeler Lee (#0397739)
Paul A. Dimick (#0401245)
Rebecca Katherine Webster (#0401298)
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STATE OF MINNESOTA
COUNTY OF HENNEPIN

DISTRICT COURT
FOURTH JUDICIAL DISTRICT
Case Type: Other Civil
(Employment)

State of Minnesota, by its Attorney General,
Keith Ellison,

Court File No. 27-CV-22-15991

The Honorable Jamie L. Anderson

Plaintiff,

vs.

**[PROPOSED] ORDER
STIPULATION OF DISMISSAL
WITH PREJUDICE**

Shipt, Inc.,

Defendant.

The Court, having considered the parties' Stipulation of Dismissal with Prejudice, finds that it should be approved.

IT IS THEREFORE ORDERED that this action is dismissed, **with prejudice**, the parties to bear their own costs, including attorneys' fees.

SO ORDERED.

Dated: _____, 2025__

The Honorable Jamie L. Anderson
Hennepin County District Court

Distribution:

All counsel of record.

