EXHIBIT 2

CERTIFICATION of KURT McCORD

1. My name is Kurt McCord. I am a CFI (Certified Forensic Interviewer).
2. I was a Corporate Investigations Supervisor for 7-Eleven Inc. for over seven months in 2013.
3. Prior to that time, I held a position as a Loss Prevention Supervisor at Burlington Coat Factory, and Executive Team Leader of Asset Protection for Target stores. I was also an Investigations Technician for Target's ORC Investigations Center, where I initiated and investigated complex Organized Retail Crimes (ORC) and internal theft investigations. (A full description of my professional experience, loss prevention certifications and education is attached as Exhibit A).

Summary of 7-Eleven's Predatory Practices

4. I am making this certification to outline the unfair, illegal, and predatory practices of the 7-Eleven corporation against its franchisees across the United States.
5. 7-Eleven, Inc. has designed and implemented a predatory program to increase corporate profits by unethically stealing the equity and goodwill of its franchisees. In some cases, these franchisees spent decades of hard work and financial investment building their businesses.
6. 7-Eleven's scheme was to use its superior financial, legal, and corporate strength to seize the stores of profitable franchisees without providing them fair compensation for the years of goodwill they accumulated. The 7-Eleven Corporation would then resell those stores at an enormous profit.
7. Using an internal team masquerading as an Asset Protection (Loss Prevention) Department, 7-Eleven set a yearly number of stores to take back, prioritizing locations in areas with the highest resale values or, in some cases, operated by respected franchisees who had spoken out about the corporate giant's corrupt practices.
8. To understand 7-Eleven's illicit schemes, one must understand how franchisee-franchisor relationships and Asset Protection/Loss Prevention programs are designed to work.

How <u>ethical</u> franchisor/franchisee relationships work

9. The franchisor-franchisee relationship is defined as one of mutual self-interest with a common goal of mutual success.

10. Franchisors like 7-Eleven receive their revenue from up-front franchise fees that are paid when the new franchisee signs on, and an ongoing percentage of the franchisee's revenue.

11. The relationship is intended to be a symbiotic one, with the franchisor providing the tools and guidance for the franchisee to build a successful, profitable business for both parties. Throughout the term of the agreement, the franchisee, in turn, compensates the franchisor with a share of profits.

12. Sometimes corporate greed or the intense internal pressure to increase profits leads franchisors to abuse their dominance over franchisees through an illicit practice known as "churning."

13. When "churning," a franchisor allows or expedites the failure of a franchisee's store, or seizes it for alleged breaches of the franchise agreement (as in 7-Eleven's case). Then, the franchisor will resell it to a new franchisee for new (and often higher) franchise fees. In fact, the same location can be sold over and over again with the franchisor reaping new fees and increased profits with each "churn."

14. This relentless quest for higher profitability and greater control led 7-Eleven, Inc. to adopt a strategy of "churning" franchise locations. This acted as a way to generate tens of millions of dollars in additional profits, and as also became an effective way to rid the system of "pain in their ass" franchisees who dared question 7-Eleven's predatory practices.

15. In order to deploy an aggressive churning initiative, 7-Eleven, Inc. needed to disguise it as something more professional and benign.

16. 7-Eleven decided to conduct their churning initiative under the guise of an Asset Protection (Loss Prevention) department. They named the two teams that acted as the warhead of the scheme the "Centralized Investigations Team" (CIT), and a covert mobile surveillance team that they dubbed the "Profit Assurance Team" (PAT Team).

It was communicated to 7-Eleven that the term PAT Team is redundant, but they insisted that the term continued to be used incorrectly.

How industry standard Asset Protection (Loss Prevention) works.

17. Traditionally, Asset Protection departments (also called Loss Prevention departments) are used to reduce company losses that occur as a result of customer crimes and employee theft.
18. The goal of Asset Protection departments is to prevent losses caused by deliberate human actions such as theft, fraud, vandalism, waste, abuse, or misconduct.
19. Asset protection departments are intended to prevent losses for store operators and the parent corporations and are **NOT regarded as profit centers or generators of new revenue.**
20. Additionally, Asset Protection departments of reputable major corporations are governed by strict rules and procedures that are documented and distributed to all Asset Protection personnel.
21. Legitimate asset protection departments seek prosecution of criminal violations in criminal court, **not civil court.**
22. Reputable Asset Protection departments focus on the areas of greatest potential loss, not on stores with the highest resale value or those with operators disliked by corporate executives.
23. Reputable Asset Protection departments use industry-accepted procedures, such as the Wicklander-Zulawski (W-Z) interview technique to interview suspects.
24. They do not deploy abusive tactics such as prolonged interrogations, cultural shaming, deprivation of food or water, "third degree" questioning or false imprisonment.

7-Eleven's Centralized Investigations Team (CIT) is disguised as theft prevention

25. Masquerading under the guise of an asset protection department, the 7-Eleven Asset Protection team engaged in the aforementioned tactics and more.

26. Their goal was not to prevent retail theft, but to create a new profit center to acquire franchisee stores at no cost through tactics that sometimes consisted of false charges of franchisee wrongdoing and intimidation of franchisees.

27. The result of the forced acquisition of franchisee stores at no cost was the seizure of franchisee equity that was established as the result of many years of faithful service to both 7-Eleven customers and the 7-Eleven corporation. These stores are resold by 7-Eleven corporate for profits in excess of $200,000 per store or more, resulting in unfair windfall profits to corporate 7-Eleven.

28. Ironically, 7-Eleven's loss prevention program – which should have been designed to protect the corporation and its franchisees from dishonest employees and guests – was actually designed to facilitate the plundering of franchisee stores by 7-Eleven, Inc.

The 7-Eleven Store Seizure Initiative

29. The practice by 7-Eleven, Inc. to "churn" franchisee stores to increase corporate profitability is not a new endeavor. In fact, franchise fees improperly realized by 7-Eleven corporate for stores improperly taken back during the past several years is estimated to be in the tens of millions of dollars.

7-Eleven's mass hiring of Asset Protection investigators

30. In 2013, 7-Eleven, Inc. initiated an unprecedented initiative to boost corporate profits through the creation of an aggressive franchise store seizure and resale program.

31. To facilitate this aggressive initiative, 7-Eleven, Inc. empowered VP Mark Stinde to staff the Centralized Investigations Team (CIT) and the covert mobile surveillance team that ***he*** dubbed the Profit Assurance Team (PAT Team).

32. The D&D Daily reported in 2013 that 7-Eleven hired more Asset Protection investigators than any other company (see Exhibit B from D&D Daily, a daily loss

prevention newsletter that features news and information relevant to the Loss Prevention industry).

7-Eleven Asset Protection established as a predatory profit center

33. The role of the 7-Eleven Asset Protection department is unlike any other Asset Protection department of which I'm aware.

34. Asset protection departments are used by reputable retailers as "non-productive" work-centers, and merely seek to mitigate losses from theft, fraud, and operational shrink.

35. Instead, 7-Eleven uses its AP/LP department as a ***"productive work center***". Franchises are taken back from franchisees, and franchisees are not paid for the equity or "Goodwill" they have built into the business. The store is then resold for profit.

36. This process is known in 7-Eleven Asset Protection as a "take-back".

37. After a take-back, the store will temporarily become a "corporate store." Corporate employees will temporarily take controls of the store to determine how much to charge a prospective new franchisee. This is after the profitability of that particular store as a new "corporate store" is assessed.

Mass hiring of 7-Eleven Asset Protection employees were made covertly

38. When Vice President Mark Stinde was given the green light for the mass-hiring of the AP department that he would control, the positions weren't posted publicly. The hiring was done covertly. 7-Eleven did not want its franchisees to know the reason behind the group being hired. 7-Eleven, Inc. wished to preserve the element of surprise when an increased quantity of stores began to be taken back.

39. Having hired so many new AP/LP professionals, the pressure for Asset Protection department executives to provide a return on investment (ROI) was immense.

CIT pressured to meet franchise take-back quotas

40. While most Asset Protection programs are reactive to actual levels of theft or shrinkage, Stinde established quotas in advance for the number of stores to be seized in a given year.

41. For example, in September 2013, at a meeting in Dallas, the VP of AP, Mark Stinde, communicated to the Asset Protection directors and set the **store take-back quota for 2014 at 120 stores.**

42. When quotas are instituted in a franchisor loss prevention department, the pressure to meet them may cause the AP/LP individuals to bring frivolous or even fictitious charges against franchisees in order to meet the quota.

AP department prioritized take-backs with highest resale value

43. A major factor 7-Eleven, Inc. used for prioritizing which stores to target for seizure was the franchise resale value of the market in which the franchise was located. It was determined that 7-Eleven stores in California, New Jersey, and New York could command the highest resale price, so franchisees with stores in those states were priority targets.

44. So, for example, even if evidence existed that a franchisee in the Midwest was committing more fraud against 7-Eleven than a store in California, New Jersey, or New York, the priority for take-back would go toward the stores in California, New Jersey, and New York. These stores are more profitable to refranchise and will be prioritized, even if crimes are less severe than the franchisee in the Midwest.

AP department maliciously targeted influential, outspoken franchisees

45. Another major criteria in the selection of stores for take-back was whether the franchise owner was deemed a "pain in the ass" (in the words of Mark Stinde).

46. Several long-time franchise owners were designated as high-priority targets for fraud investigations by top executives because of their roles as heads of regional Franchise Owners Associations (FOAs), and their advocacy on behalf of fellow franchisees.

47. Stinde and top executives continued to pressure the CIT staff to "dig up dirt" on prominent financially successful franchisees such as Jerry Sahnan, head of the Arizona FOA, and Karamjeet Sodhi, head of the New Jersey FOA. Even after investigators reported not being able to find evidence of fraud or other improprieties, top executives insisted they remain "Top Priority" targets.

The Highly Dysfunctional Nature of the CIT

48. The sector of the 7-Eleven Asset Protection department known as the Centralized Investigations Team (CIT) was (and likely still is) a rogue unit. This team was highly dysfunctional in design, mission, implementation, and management. This dysfunction played an important role in the improper targeting of innocent franchisees and the seizure of their stores.

Lack of clear rules and procedures

49. While the overwhelming number of retailers have Asset Protection/Loss Prevention Directives and Standard Operating Procedures that govern the conduct of their respective Asset Protection employees, 7-Eleven had no rules or procedures.

50. Without any safeguards in place, the pressure on AP/LP employees for ROI on the investment made in their hiring led to improper actions and improprieties outlined in franchisee lawsuits.

51. There were ZERO directives or rules that governed 7-Eleven Asset Protection employees.

52. This caused absolute chaos in trying to determine how to proceed in even the most trivial situation.

A quota-based system designed to generate profit

53. The pressure to provide an ROI by AP/LP employees that were hired in 2013 resulted in false acquisitions of wrong doing against franchisee Dilip Patel, Karamajeet Sodhi, and other franchisees and their families.

54. Both the Dilip Patel and Karamajeet Sodhi stores were located in aforementioned geographic areas that were targets for "take-back".

Time and morale squandered by shifting directives

55. The Centralized Investigation Team, a 16 member unit hired by 7-Eleven to take back stores of Franchisees committing fraud, was redirected on June 17th, 2013. This was the day that the stores of franchisee Farook Baig were raided by the government for violations of employment and immigration laws. The CIT was essentially still in training, and hadn't even grasped its primary objectives for which they were hired.

56. On June 17th, 2013, CEO Joe DePinto stopped by "The War Room", where the CIT was training, and stated that the CIT's job would be to help insure that those events didn't happen again.

57. Despite the fact that CIT personnel had no experience investigating payroll or immigration matters, we were told by Mark Stinde to focus on franchisee infractions in those areas as a means of terminating their franchise agreements.

58. From June 17th, 2013 until December 2013, the CIT's primary objective was to focus on payroll and immigration investigations, in part to insure that 7-Eleven wasn't publically humiliated like they were in the Farook Baig matter.

59. Shortly after the raids, a tip line was implemented. Anyone who suspected undocumented workers existed in 7-Eleven stores were encouraged to call this tip line, and HUNDREDS of these tips came in over the next 6 months. Every single tip was assigned to an investigator in the CIT, and they were prioritized on how severe the tip was perceived. At any given time, each of the 12 investigators in the CIT could have as many as 80 of these investigations.

60. Late in 2013, Mark Stinde redirected focus back on fraud and away from payroll and immigration investigations. We were told by Mark Stinde that the franchisee agreement would only support the ousting of a franchisee for payroll or immigration issues if the franchisee was convicted of a crime involving these specific issues. So essentially, this meant that everything the CIT had done since our mission had changed on June 17th was not viable in any take-back. This upset many of the CIT investigators, and increased dissention and dissatisfaction in the ranks of the CIT.

61. Shortly after it was communicated to us that payroll and immigration investigations were not viable to take back stores, Stinde, Hale, and Lazo began trying to move the CIT away from payroll and immigration issues. Hale and Lazo created a plan on how future immigration and payroll cases would be worked.

62. In November 2013, it was well known that if an immigration case emerged where we had a credible tip that people might be in danger, 911 would be called.

63. The shifting priorities and misinformation provided by management took a major toll on the morale of the CIT investigators and supervisors who were constantly being redirected away from what they were hired to do: detect fraud and catch thieves.

Lack of reliable data made payroll investigations useless

64. When Federal Investigators began charging 7-Eleven franchisees for wage and immigration violations, 7-Eleven began pushing greater scrutiny of franchisee labor practices.

65. However, 7-Eleven, Inc. had historically failed to implement or enforce accurate data collection from franchisee stores, making it all-but-impossible to determine how many labor hours franchisees were expending per-store.

66. 99% of all payroll investigations conducted by the CIT were absolutely useless, because everyone shared employees between stores, and manually entered punches.

67. Not once did I see a payroll report where an employee punched in and out through 7-Eleven's system correctly, and I looked at hundreds of these payroll reports.

68. For example, a franchisee, let's call him "Joe", has three 7-Eleven stores and is suspected of employing people off the books.

69. The CIT investigator assigned to the case will request one week's payroll from all three of the franchisee's stores.

70. This will give him names of employees, the hours they worked, their pay rates, and the total amount they were ultimately paid for said week.

71. The investigator knows that each store must have at least 168 hours of payroll, because each store is open 168 hours per week. However, multi-unit franchisees like Joe generally share employees between stores. So, the cashier might be paid out of store 1, but may also work at stores 2 and 3 as needed in a week's time.

72. An analysis of this will show that store 1 has 800 hours of payroll in a week, and the other 2 stores may only have 100 hours respectively.

73. At first glance, it looks suspicious. How can stores 2 and 3 be open 168 hours per week, but only have 100 hours of payroll a piece? The reason is the franchisee might have 4 or 5 "floaters" that he pays out of store 1, but could work at any store on any given day.

74. The employee is not going to clock in at stores 2 and 3 because it's more of a hassle for the franchisee to keep track.

75. So, the employee has been instructed by the franchisee to keep track of hours, and when it's time to do payroll, the franchisee calls the employee and asks "what are your hours for this week?" The employee says, " Joe, I worked exactly 40."

76. What does the franchisee do? He enters the hours like this: Monday 8am-4pm, Tuesday 8am-4pm and so on. The employee may have been off Monday, but the franchisee enters them concurrently to save time and energy. Joe had never been told he couldn't do it this way.

77. 7-Eleven Inc. was historically "hands off" with franchisee employees. Their position has historically been that it's the franchisee's money paying his people, not 7-Eleven's.

78. This example of the franchisee manually entering hours for his employees, and not having them punch in and out is THE RULE, not the exception.

79. Therefore, 99% of ALL payroll investigations we conducted were absolutely useless. The franchisee shared employees ("floaters") between stores, and manually entered hours as "perfect punches."

80. Perfect punches are when hours are keyed manually into the payroll system and entered on the hour, for example, 8:00am – 4:00pm.

81. If an employee works different intervals across multiple stores and days, the hours are entered in a simplified, "perfect" fashion, often concurrently at a single store.

82. Not a single franchisee that I ever came across actually did payroll accurately. These "perfect punches" negated the effectiveness of payroll investigations.

83. When everyone is just entered into the system manually to get paid for the hours that they worked for that pay period, it's impossible to see who is where, who is who, and what's going on.

84. Most importantly, this systemic mess of inaccurate payroll reporting has been tolerated, repeated, and institutionalized for decades.

85. 7-Eleven has a brigade of individuals working in the payroll department, and some have worked there for decades. They have seen these franchisees turn in these hours, they have processed these hours, and issued checks to these individuals for years.

86. It's obvious that 30 hours of payroll from a store that's open 168 hours per week is impossible. However, it was tolerated, and to my knowledge, unquestioned and uninvestigated up until June 2013..

87. It was amazing how quickly payroll and immigration issues became a priority when the US Government started asking questions about wages and immigration.

88. However, with 7-Eleven corporate having turned a blind eye to these issues for decades, it was impossible to conduct efficient and meaningful investigations based on the available information and the status quo.

7-Eleven's Interrogation of Dilip and Saroj Patel.

89. A microcosm of the way 7-Eleven's Asset Protection team operates is the case of Dilip and Saroj Patel.

90. 7-Eleven Asset Protection interrogators displayed unprecedented intimidation in the temporary imprisonment of Dilip, and Saroj Patel.

91. This 8-hour interrogation resulted in the loss of the business they had spent 19 years developing.

92. Dilip and Saroj Patel are grandparents in their sixties, and are beloved by the community and the customers of their Riverside, CA 7-Eleven store.

93. 7-Eleven Asset Protection personnel subjected them to an 8-hour interrogation session using tactics more befitting murder suspects than franchisees accused of improperly redeeming Slurpee coupons.

94. As a Certified Forensic Interviewer, I've never heard of a private sector interrogation lasting more than 2 hours. 7-Eleven's interview of Dilip and Saroj Patel lasted 8 hours, and then Dilip Patel was required to do a "final walk" of the store he was forced to give up.

95. By the time Dilip Patel signed over his store and his livelihood, he had been without food for 8 hours. He had been subjected to threats of federal lawsuits and prison time. He was distraught with the toll the interrogation was taking on his diabetic wife, Saroj, who was getting increasingly upset.

96. Legitimate, law abiding, ethical Asset Protection interviewers would not resort to such cruel and extreme tactics. They would adhere to industry-standard interview techniques, like the Wicklander-Zulawski (W-Z) interviewing technique.

97. The Wicklander-Zulawski (W-Z) system of interviewing suspected employees for theft is the industry standard in the corporate world of Loss Prevention/Asset Protection. In fact, 7-Eleven, in recruiting for Asset Protection candidates for the very position of the individuals who interviewed the Patels', indicates a preference in the job description for individuals who have completed W-Z training.

98. There was **only one reason** an interrogation like the 7-Eleven interviewers was necessary:

99. **7-Eleven didn't have enough evidence on the Patels to proceed with the lawsuit without them signing over the store.**

100. Their true motive was to gain full control of the Patel's valuable store, so they resorted to extremely cruel and coercive tactics.

101. The whole point of a Wicklander-Zulawski interview is to ***minimize*** the seriousness of the crime and situation. "Trigger" words like "arrest," "jail," "police," "steal," "lie," and "termination of employment" are not to be used. If the suspect is triggered to think about consequences, in most cases, they will not admit. Instead of "steal," "take" or "borrow" would be used, etc.

102. 7-Eleven investigators did not follow the Wicklander-Zulawski interview method or other acceptable method in the interrogation of the Patels. One can surmise that the interrogators deviated from the accepted techniques used in legitimate investigations, because they were desperate to gain control of the store due to lack of evidence.

7-Eleven's 8-hour Interrogation of Dilip and Saroj Patel

103. On Wednesday, December 4th, 2013, at approximately 10:00am, Dilip Patel received a call from Market Manager Bill Halverson (a Market Manager for 7-Eleven generally has 80-100 stores, and supervises 7 to 10 Field Consultants who are responsible for around 10 stores respectively).

104. During this conversation, Halverson told Dilip that he wanted to schedule a meeting with him and his wife for the following day, December 5th, 2013, at 10:00am, to discuss store financials. Dilip felt immediate anxiety about this meeting because Halverson had specifically mentioned that he wanted Saroj, his wife, in attendance. It was known that Mrs. Patel did not participate in the daily operations of the store.

105. The meeting was held in a RGIS office building in Riverside, California. RGIS is the company that handles inventory audits for 7-Eleven.

106. When Dilip, Saroj and their son Dev Patel (who was the daily manager of the store's operations) entered the building, Market Manager Bill Halverson was waiting for them. He seemed very nervous to see Dev Patel, and asked Dev to wait in the lobby. Dev begrudgingly complied with this request initially.

107. Dilip and Saroj were then led into a small conference room where Asset Protection Specialists Steve Kellison and Kevin New were sitting.

108. When the Patels sat down at the table, the first words out of Kellison's mouth contained a threat. Kellison stated that one of two things would happen that day. The Patels would either give up their store, all of the money in their equity account, and pay $100,000 in damages, or 7-Eleven would file a federal lawsuit against them for $250,000.

109. They were told that if they left the premises, that the lawsuit would be filed immediately. Absent were the elements that are the foundation of a Wicklander-Zulaski interview. Kellison did not try to build rapport, or explain what he and New did for the company. Kellison opened with a threat.

110. The interview conducted by Kellison and New lasted eight (8) hours, and was conducted with "Third Degree Tactics".

111. After the initial threat made by Kellison, he stated that the Patels had been using Slurpee coupons fraudulently. He accused them of "double dipping." This is interpreted as the Patels were taking cash payments for Slurpees that were offset with Slurpee coupons, and not sharing these cash profits with 7-Eleven.

112. The Patels denied doing this. Kellison then showed the Patels two very short clips of videos accompanied with the electronic journals (receipts) of the transactions.

113. The videos were of Dilip and Saroj conducting what Kellison insisted were instances of the aforementioned coupon fraud. Dilip felt that the videos and the electronic journal that accompanied them didn't seem to match up. After the video was played, Dev entered the conference room. Dev's repeated requests to replay the video were denied by Kellison.

114. In a W-Z interview, evidence is traditionally shown as an absolute last resort, ***if ever***. There are countless articles and documents related to the W-Z interview technique that strongly recommend against ever showing any evidence in an interview.

115. The aforementioned video evidence was shown in the first few minutes of an 8 hour interrogation! If the video was so compelling that it needed to be shown at the beginning of an interview, then it is extremely suspicious that requests to replay it would be denied.

116. Such tactics cast doubt on the authenticity of the video. It was common knowledge to 7-Eleven that Dilip and Saroj were not active in the day to day operations of the store.

117. The store was run by their son, Dev. Dev was more familiar with the way the POS (Point of Sale) terminals functioned, and may have been able to spot inconsistencies in the video, which would explain why they refused to replay the video for Dev.

118. After the video was shown, Dilip again denied any wrong doing. It was at this time that Kellison made more threats, and engaged in what I can only describe as "cultural shaming."

119. He stated that if the Patels refused to sign over the store, and a federal lawsuit was filed, this would become a public embarrassment for the Patels. It is the Patels' and my belief that this threat was used to exploit the cultural biases against theft in the Indian culture. Although being accused of theft in the Anglo culture is considered shameful, it is not nearly as taboo as it is in the Indian culture.

120. Using cultural biases as collateral to get an admission is unethical conduct for an interrogator. However, 7-Eleven took it even one step further.

121. Kellison also stated that if 7-Eleven filed on the Patels in federal court, that the IRS could hear about it, and Dilip and Saroj Patel could face jail time.

122. Kevin New then informed the Patels that his mother used to work for the IRS, and these types of lawsuits have "a way of getting out" to the IRS.

123. This IRS threat changed the entire dynamic of the interview. Now, the threat was not just about money, it was about confinement. If they refused to sign over the store, the perceived threat was news of the lawsuit would be leaked to the IRS, and the Patels would go to prison.

124. This threat had a major emotional impact on Saroj Patel, and she began to cry and raise her voice at the 7-Eleven interrogators. I believe this furthers the argument and makes this an almost textbook case of false imprisonment.

125. Dev then asked Kellison if he could see a copy of the documented complaint against the family. It was during this time that Saroj began to get even more upset, crying uncontrollably, and became inconsolable.

126. After refusing at first to do so, they finally let Dev see the documentation.

127. Next, Dev asked if the family could have some time to let their attorney look over the complaint. They again denied this request and stated that if they left the premises, the federal lawsuit would be filed.

128. Dev, as a last resort, asked if an attorney would be allowed to meet them at the office building to look over the complaint. After each of the questions that Dev and Dilip would ask of the 7-Eleven Asset Protection Specialists, the pair would leave the room to consult with counsel, and then eventually come back with an answer.

129. Finally, the Patels were allowed to call an attorney to meet them at the office. However, they were again warned that if they left the premises, a federal lawsuit would be filed against them.

130. However, the attorney that Dilip knew that dealt with franchisee issues was unavailable. It was at this time, Saroj, a diabetic, became weak and needed to eat something.

131. The interrogation was well into it's 3rd hour. Dev was allowed to take Saroj to get some food, but Dilip was required to stay because they had not agreed to sign over the store.

132. While away getting Saroj food, Dev called a friend who was a young, inexperienced attorney, and asked him to stop by the Regis office and look at the complaint.

133. Dev then returned to the conference room with his attorney friend who looked over the complaint. It was after he arrived that Patricia Hollenbeck of the law firm Duane Morris (representing 7-Eleven) came into the room.

134. After reviewing the complaint, the inexperienced attorney realized that he couldn't provide much help in that particular situation, and subsequently left.

135. It was at this time that Dilip Patel informed me that he lost all hope. He thought about all of the customers he had become close friends with in the last 19 years, and how devastating it would be to lose touch with all of them.

136. He felt for his son, Dev, who was a new father with a newborn at home. This would take away Dev's livelihood, too. Dilip also felt deep sadness for his employees, one of which had been with him for 17 years. His employees would be devastated, both emotionally and financially.

137. He didn't feel like he would be able to leave that day if he did not sign over control of the store. The relentless tactics made by 7-Eleven investigators proved that they were not going to take "no" for an answer. He stated that he could not take the chance of going away and not having a relationship with his new grandchild.

138. So, late on Thursday, December 5th, Dilip conceded the fight and began negotiations into the surrendering of the store he had owned for 19 years.

139. The tactics used by 7-Eleven were not only offensive to ethical interviewers, they are offensive to any reasonable human being, and I believe they might have even been unlawful.

7-Eleven's Vendetta Against Franchise Leader Jerry Sahnan

140. **The fact that the true mission of the 7-Eleven Asset Protection program is not legitimate loss prevention is evident in the case of Jerry Sahnan**

141. Targeting innocent franchise owners (including Karamjeet Sodhi) in a predatory manner is made clear in this internal account of the vendetta waged against the head of the Arizona 7-Eleven Franchisee Owners Association.

142. Shortly after the Farook Baig raids on June 17th, 2013, the CIT group was given its first high priority mission, Jerry Sahnan. Sahnan was assigned to the CIT's investigator, Michael (Mike) Aldridge by Mark Stinde.

143. The CIT was told that a Market Manager had a conversation with Sahnan about illegal immigrants working in his stores. Sahnan voluntarily came forward and stated that there were several undocumented workers in his store. He stated that almost all of the franchisees he knew employed undocumented workers, and he wasn't aware that 7-Eleven was opposed to this practice. Sahnan said that he would correct the issue, and he did. He fired all of his undocumented workers and replaced them with legal ones.

144. Kevin Hale, the Corporate Investigations Manager, is the head of the CIT. He had weekly meetings with the Vice President of Asset Protection Mark Stinde, Brad

Jenkins (Mark's boss), and **COO Darren Rebelez**. These meetings were to discuss the work that the CIT had been conducting on payroll and immigration investigations.

145. After these meetings were over, Hale would come back to the CIT and tell the us which cases were deemed the highest priority by the top executives. Each and every time, **for months**, it was always "Jerry Sahnan." The pressure rolled down-hill. We were trying to find dirt on Sahnan, but he was clean.

146. However, every single time Hale came back from these meetings with COO Rebelez, he would be irritated at my team for not finding anything on Sahnan. He stated time and time again that Sahnan was deemed the highest priority investigation in the company, and we needed to move it forward.

147. We checked for fraud, we examined payroll, we ran background checks on every one of Sahnan's employees, but we found nothing suspicious after the date that he came forward. We did discover that there were a lot of people on video that were not on 7-Eleven payroll prior to Sahnan's admission, but he had corrected it.

148. **Hale told us on numerous occasions** that Sahnan was the president of the FOA (Franchise Owners Association) in Arizona, and ultimately a menace to Rebelez, Joe DePinto, and the other executives, and that this was the motive for our persistence in taking Sahnan out, and there were many witnesses to Hale saying this.

149. Thousands of man hours were wasted by investigating Sahnan. All of these other credible immigration and payroll tips were coming in, and the CIT's most talented investigator, Mike Aldridge, was spinning his wheels on a case with zero evidence.

150. I had many conversations with Aldridge about his exasperation of working a case where no evidence existed.

151. We were finally told by Mark Stinde himself that the guys in the executive offices, CEO DePinto, COO Rebelez, etc wanted Sahnan gone because he was a "pain in their ass".

152. The search for "dirt" and an excuse to terminate Jerry Sahnan is an illustration of the fact that the 7-Eleven Asset Protection Department is a business with a primary focus on facilitating personal vendettas from top management, taking back stores and reselling them for profit.

7-Eleven's False Accusations Against Karamajeet Sodhi

153. In a Temporary Restraining Order hearing against 7-Eleven, on 07-03-2013, an argument was made that the case against Karamajeet Sodhi was "retaliatory in nature" and that 7-Eleven's entire case brought against Sodhi was due to Sodhi's position as president of the New Jersey FOA (Franchise Owner's Association), and the fact that Sodhi had expressed some concerns regarding the actions of 7-Eleven.

154. "Sodhi" was a name we heard almost daily after Tariq Khan (TK). However, before the trial of TK, I had only heard Sodhi's name a couple of times

155. I was told by Art Lazo, the current Director of Investigations and SSC Operations at 7-Eleven, that Sodhi was "Public Enemy #2" after Tariq Khan. He made this comment when he was still a contractor with Asset Protection Associates (APA).

156. Sodhi was the case that was on deck after the successful removal of Tariq Khan. The Tariq Khan investigation was Lazo's baby. He worked it from beginning to end, and it was the model for which the CIT was to operate.

157. After the TK trial was complete, we started hearing Sodhi's name more and more frequently. Then, after Mike Aldridge took over the case from Lazo, he was told to investigate Sodhi for fraud and payroll.

158. No fraud was ever found.

159. So, Mike came to me on many occasions comparing Sodhi to Sahnan.

160. So, he and I had many talks about the Sodhi case being unwinnable. I do not have any knowledge of the Sodhi case having been halted by the government. If this actually occurred, it was not communicated to the investigators that were supposed to receive ALL info about the case in order to build a proper case analysis.

161. Cases like Sodhi and Jerry Sahnan, are THE reason I left 7-Eleven.

162. I could not be a weapon of vengeance for 7-Eleven executives. I did not sleep well at night after managing a case load that only had an agenda for silencing well respected franchisees who were rebelling against injustices they were enduring.

163. In my previous positions with major corporations, I helped design and implement programs that helped prosecute thieves for which evidence existed beyond reasonable doubt.

164. Working for 7-Eleven, I felt that I, and **most importantly,** I felt like the honest and hardworking individuals I recruited to the CIT (like Mike Aldridge) were using our expertise for unethical and even unlawful missions.

165. What I witnessed at 7-Eleven were not the actions of a legitimate Asset Protection/Loss Prevention program, and I feel it is my duty to expose the injustices that I witnessed.

I CERTIFY that the above is true to the best of my knowledge and I am aware of the penalties for making false statements.

Dated April 29th, 2014

KURT MCCORD

EXHIBIT A

KURT McCORD, CFI

Loss Prevention Executive

Expert in the detection and resolution of theft and fraud, minimizing shrink, and maximizing a safe and secure environment. Outstanding leader with a knack for building law enforcement partnerships. Seasoned interrogator with a certification as a forensic interviewer.

Professional Experience:

7-Eleven — May 2013-February 2014

Corporate Investigations Supervisor — **Dallas, Texas**

Responsible for high priority, multi-million dollar fraud investigations against 7-Eleven franchisees. Responsible for the leadership and productivity of 4 salaried Corporate Investigators. Charged with analyzing investigators' findings and making strategy recommendations to the Investigations Director and Vice President of Asset Protection. Prepare high priority fraud investigations for trial, and travel for trial to assist legal counsel.

- Provided key direction, research, case prep, and strategy for closing out the highest profile case in 2013. 7-Eleven Inc. v. Tariq Khan (2013).
- Recruited and creating training for the new Corporate Investigations Team.

Burlington Coat Factory — January 2012-May 2013

Loss Prevention Supervisor — **Plano, Texas**

Responsible for internal theft investigations, Organized Retail Crimes investigations, and shrink initiatives in 6 Burlington Coat Factory stores in the Dallas/Fort Worth area. In charge of supervising and training 13 direct reports. Responsible for meeting payroll budgeting goals, with a focus on return on investment. In charge of physical security and security incident response, as well as driving safety focuses. Charged with developing and maintaining strong partnerships with law enforcement. In charge of Shortage Control Audits for assigned stores, with frequency based on risk indicators.

- #1 Region in the Territory in total dollar shrink reduction for 2012, with $1.2 million in reduction.
- The 6 out of 18 stores charged with represented $690,000, or %57.75 of the reduction.
- #1 RLPS in the Territory in external apprehensions for 2012.
- #1 RLPS in the Territory for internal investigations resolution for 2012.

Target Corporation — December 2007-September 2011

Executive Team Leader – Assets Protection — **Fort Worth, Texas**

Promoted to this position in 2008. Responsible for all internal and external theft investigations in a high risk / 65 million dollar store. In charge of training new executives and executives not meeting performance standards on internal and external theft routines. Managed a team of 8 direct reports. In charge of physical security and security incident response. Developed and maintained strong partnerships with law enforcement.

- Ranked #3 out of 500 stores in the region in closed internal investigations for 2011.
- Ranked #1 out of 79 stores in the group for closed internal investigations for 2010, with 28 productive interviews.
- Ranked #2 out of 79 stores in the group for external apprehensions in 2010 with 160.
- Awarded the designation of Assets Protection District Resource. The APDR is store leadership's first point of contact for all Loss Prevention related questions.
- Reduced inventory score from 1.39 to .89 in 2 years, saving $208,000.
- Developed 7 direct reports who were promoted.
- Received a Letter of Commendation from the Lake Worth Police Department for outstanding efforts in combatting Organized Retail Crime.

- Instrumental in the development of a Retail Theft Task Force by the Lake Worth Police Department. This created 2 full time officers designated primarily for responding to and preventing theft in the retail sector.
- Received score of "Excellent" on every annual review.

ORC Investigations Technician **Dallas, Texas**

Initiated and investigated complex Organized Retail Crime and internal theft investigations. Developed and maintained strong partnerships with law enforcement at local, state, and federal levels to work and prosecute cases. Acted as the law enforcement liaison of the Investigations Center, which entailed handling all law enforcement requests for video and electronic journal evidence. In charge of running all exception report data for 43 stores, initiating investigations as needed. Trained Investigations Technicians, store side executives, and upper level leadership on Target Video Solutions, which is now the company's standard surveillance software.

- Named District 306's Assets Protection Partner of the Quarter.
- Worked closely with the Secret Service to close a counterfeit currency ring which netted over 20 arrests and held a total case value of $250,000.
- Discovered a coupon glitch that saved the company $90,000.
- Initiated 47 internal investigations via exception report data.
- The only Investigations Technician elected to go the Group Talent Day for high potential Assets Protection team members.
- Promoted to Executive Team Leader-Assets Protection in 5 months.

Education

Texas Tech University **Lubbock, Texas**

- Bachelor of Arts, English
- Minor in Communications

Certifications

Certified Forensic Interviewer (CFI)
International Association of Interviewers (IAI)

EXHIBIT B

News Brief

News Brief sponsored by:

7-Eleven adds 35 Asset Protection positions - the biggest Asset Protection roll-out of 2013 The evolution of the Asset Protection program at 7-Eleven has taken off since Mark Stinde, VP AP joined the organization a couple of years ago. Driven by analytics, they have been able to show a significant return on their investment to the point where it's justified adding 35 Asset Protection positions this year. This is the leading retailer of the year for Asset protection growth.