GREED UNLEASHED:
PetSmart, BC Partners, and what happens when private equity preys on workers and pets

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EXECUTIVE SUMMARY

Private equity is a particularly predatory industry within the financial sector that has grown exponentially over the last decade thanks to legal loopholes and massive capital investment by public and private pension funds, endowments, and high net worth individuals. The typical private equity playbook includes imposing high-debt loads on companies acquired via leveraged buyouts, extracting additional fees and dividends from the acquired companies, and stripping companies of core assets needed to remain competitive.

While private equity-driven bankruptcies and job losses have made headlines and garnered public outcry, private equity-owned companies currently employ 11.7 million workers, making the industry a major employer in the United States. Assets held by private equity firms have grown from $1 trillion prior to the 2008 financial crisis to nearly $4.5 trillion today.

From housing to health care, private equity has its tentacles in nearly every sector of our economy and the $100 billion US pet store industry is no exception. The top three pet specialty retailers in the United States - PetSmart, Petco, and Pet Retail Brands - were all private equity owned until CVC Capital Partners took Petco public in January 2021. Atlanta based Roark Capital created Pet Retail Brands, the third largest pet retailer in North America, in 2019 by merging Pet Valu and Pet Supermarkets. A consortium led by London-based BC Partners acquired PetSmart for $8.7 billion in March 2015 and retains ownership of the company today.

These pet specialty retailers are competing to capture a bigger piece of the growing “pet parent” market by offering high-touch, high priced services like grooming, boarding, and training. Services whose provision depends on well-trained, well-compensated employees. Yet, PetSmart, the largest among them, is cutting corners on the staffing, training, supplies, and equipment needed to provide quality petcare. Sadly, it is PetSmart associates, customers, and pets who pay the price for BC Partners’ extractive ownership practices.

United for Respect conducted original research and interviews with PetSmart employees between April 2020 and July 2021. Our findings reveal how the harmful impacts of private equity ownership coupled with a laissez-faire regulatory environment degrades working conditions and the quality of petcare at the largest pet specialty retailer in the country, particularly during the COVID-19 pandemic.

Our findings also underscore the need for company executives to tap the expertise of frontline employees in corporate policy making and implementation to ensure the provision of exceptional pet care, long-term industry competitiveness, and to safeguard employee and pet health and safety.

The PetSmart employees who agreed to be quoted in this report did so out of a sincere desire to make PetSmart a high-road employer and a safe place for animals, big and small.

Report Images: All images throughout report are stock photos.
Many of the PetSmart associates we spoke with expressed concerns about understaffing and insufficient training making it difficult to properly handle customer traffic and provide professional petcare.

PetSmart failed to adequately protect frontline workers during the COVID-19 pandemic.
Many of the PetSmart associates we spoke to recounted working during the pandemic pet boom under conditions they feared put workers and animal welfare in jeopardy. In July 2020, hundreds of current and former PetSmart employees wrote to BC Partners asking them to provide proper personal protective equipment, hazard pay, and to ensure store management effectively implemented recommended protocols in stores, like social distancing and mask mandates. As of the publication of this report, employees have yet to receive a response from BC Partners.

BC Partners’ operational mismanagement degrades working conditions and puts animals at risk.
Many of the PetSmart associates we spoke with expressed concerns about understaffing and insufficient training making it difficult to properly handle customer traffic and provide professional petcare. Employees also reported ongoing supply shortages and frequent malfunction of proprietary equipment that further undercut their ability to care for animals.

Dog deaths have more than doubled since BC Partners acquired PetSmart in 2015.
At least 36 dogs have died since 2015 while receiving care at PetSmart or shortly thereafter. Between 2008 and 2014, only 15 dogs died under PetSmart’s care. In addition, PetSmart has been cited for animal neglect and abuse in Colorado, North Carolina, and Tennessee while under BC Partners’ ownership.

Minimal federal and state oversight of pet retailers and pet grooming further jeopardizes employees and pets.
Regulatory oversight of pet retailers is minimal across the 50 states and there are no federal regulations requiring training or certification of pet groomers. Minimal state and federal oversight of the pet industry - pet grooming in particular - further jeopardizes employees and animal welfare by leaving the pet industry and its private equity owners to define standards of care. Six states have attempted unsuccessfully to regulate pet grooming over the last decade. Nearly all proposed legislation was prompted by instances of pet injury or death during grooming sessions.
**KEY RECOMMENDATIONS**

Private equity owners of pet specialty retailers have a responsibility to protect employees and public health, create quality jobs, and ensure the provision of exceptional pet care.

**To protect frontline employees and pets, BC Partners must guarantee:**

- **Quality Jobs for All Frontline Employees**
  Guaranteed $15 minimum wage, fair scheduling, access to full-time hours, a safe work environment, and a $5/hour essential worker pay increase.

- **Healthcare for All**
  Provide quality employer-paid healthcare and cover premiums for all employees, including part-timers.

- **Prioritize Pet Safety**
  Provide employees with functioning equipment, proper supplies, and adequate staffing and training that allows employees to safely give animals the caring services they deserve.

- **Job Protections**
  Establish a severance policy for all employees in the event of bankruptcy or change of ownership that would result in layoffs, with at least one week of pay per year of employment, two weeks minimum. Any layoffs should be done in order of reverse seniority and employees should get at least 90 days notice.

- **Worker Representation on the Board of Directors**
  Frontline employees should have input into corporate policies that directly impact them and the pets they care for. Pet care professionals bring unique knowledge and perspectives that are essential to the provision of exceptional pet care and customer service as well as the long-term competitiveness of PetSmart.

**Federal policy makers must reign in private equity excess and protect employees who organize to improve their working conditions:**

- Pass the **Stop Wall Street Looting Act (SWSLA)** to protect workers, communities, and businesses from private equity extraction and excess. Private equity executives pay themselves fees for nonexistent services and quickly convert the assets of acquired companies into dividends for the private equity firm. This leaves the companies without resources to invest in sustaining and growing their businesses, or paying workers fairly.

- Pass the **Protecting the Right to Organize (PRO) Act** to remove obstacles that impede workers from exercising their rights to improve their livelihoods and working conditions. Defending these rights is crucial in lessening the plight of economic inequality, as it allows workers to come together and fight for safe working conditions, enhanced wages and benefits, and equalizes the power imbalance between workers and their employers.

**State policy makers must protect pet store workers and regulate pet specialty retailers:**

- Ensure pet service workers have access to rigorous training and certification programs that prepare them to provide safe, quality pet care.

- Require pet specialty stores to **report instances of pet death and injury**, empower a State Agency to investigate these incidents, and **prohibit** pet specialty retailers from entering into non-disclosure agreements with customers.

- Encourage pet service workers to **report unsafe working conditions** and company practices and policies that can seriously injure animals under their care.
INTRODUCTION

Private equity's role in retail bankruptcies and massive job losses has been well documented. Less talked about are the significant number of people employed by companies owned by private equity. Nearly every sector of our economy has come under private equity control, from retail and media to grocery, health care, and housing.

The industry has grown exponentially over the past decade thanks to legal loopholes and massive capital investment by public and private pension funds, endowments, and high net worth individuals. Assets held by private equity firms have grown from $1 trillion prior to the 2008 financial crisis to nearly $4.5 trillion today. Private equity-owned companies currently employ 11.7 million workers, making private equity a major employer in the United States.

The growing $100 billion US pet store industry has not escaped private equity’s grasp. The top three pet specialty retailers in the United States - PetSmart, Petco, and Pet Retail Brands - were all private equity owned until CVC Capital Partners took Petco public in January 2021. Atlanta based Roark Capital created Pet Retail Brands, the third largest pet retailer in North America, in 2019 by merging Pet Valu and Pet Supermarkets. PetSmart, owned by a consortium led by London-based BC Partners, employs 55,000 people across 1,650 stores in the US, Canada, and Puerto Rico including over 200 in-store PetHotels facilities.

When BC Partners acquired PetSmart for $8.7 billion in March 2015 it was the largest private equity buyout of the year. Within 10 months of the takeover, PetSmart paid a whopping $800 million dividend to its new owners (about 38% of total acquisition cost).

A year into its tenure over PetSmart, BC Partners acquired its e-commerce competitor Chewy. The purchase was scrutinized by lenders for saddling an additional $2 billion onto PetSmart’s existing $6 billion debt load and despite PetSmart’s relatively weak e-commerce position, BC Partners chose to keep Chewy and PetSmart operations separate, minimizing the companies’
ability to realize synergies. BC Partners then relinquished PetSmart’s entire stake in Chewy through a recapitalization initiated in 2020. While the spilt substantially reduced PetSmart’s debt, much of which was the result of BC Partners’ leveraged buyout, it left the company vulnerable to e-commerce competition and enhanced the need for PetSmart to deliver exceptional, personalized services to customers and their pets to remain the industry leader.

In the face of mounting competition from supermarkets, mass merchandisers, and online retailers that offer similar products at competitive prices, PetSmart - and its now public competitor Petco - has positioned itself as the exclusive provider of high-quality food and service offerings like grooming, training, and boarding. In fact, PetSmart’s investment in services is credited with bringing to a near-halt a long sales decline at the company. While other retailers have slowed or halted new store openings, PetSmart continues to open brick and mortar stores. New PetSmart stores were opened in North Carolina, West Virginia, Louisiana, and Wisconsin in 2021 demonstrating the company’s continued investment and commitment to in-store services.

By every measure, 2020 was a wildly successful year for the pet industry. Sales surpassed $100 billion for the first time and analysts predict the post-pandemic pet industry will be even bigger and more consolidated. PetSmart reported increased sales and foot traffic in the Spring of 2020 and stands to benefit from continued growth and consolidation.

As the largest pet retailer in North America, PetSmart is well-positioned to raise industry standards. Yet, BC Partners seems to be taking a page out of the private equity playbook by underinvesting in critical elements of PetSmart’s operation and core business which impacts employees, pets, and the company’s long term competitiveness.

We hope the findings in this report spur pet parents and policy makers to join PetSmart employees in their effort to make PetSmart a better place to work and a safer place for animals, big and small.
PETSMART FAILED TO ADEQUATELY PROTECT EMPLOYEES DURING THE COVID-19 PANDEMIC

When state and local governments began issuing stay-at-home orders forcing non-essential businesses to shutter their doors, PetSmart successfully lobbied to secure an “essential business” designation\(^41\) and continued to operate in every state in which it was not legally barred from doing so.

> “PetSmart didn’t care if we got COVID-19 and died. We could be replaced as if we meant nothing. We were tools to be used until we couldn’t anymore.”
> — Joy, Petcare Associate in Tennessee

PetSmart employees described a palpable uptick in customer traffic during the Spring of 2020 and expressed concern about the failure of store management to effectively implement and enforce policies and procedures recommended by the CDC to protect employees and customers from COVID-19 exposure.

Nearly 30% of Americans adopted a new furry friend during the pandemic.\(^42\) Animal shelters across the United States faced a unique problem for the first time; the high demand for animal adoptions meant shelters were running low on supply.\(^43\) According to the American Pet Products Association (APPA), Americans spent $103.6 billion on their pets in 2020 - over $30 billion of which was spent on pet supplies, over-the-counter medications, and pet services such as pet boarding, grooming, insurance, training, pet sitting, and walking services.\(^44\)

PetSmart cut corners while profiting from the pandemic pet boom. Between March and April of 2020 the pet retailer saw a 36% increase in sales and in-store foot traffic growth of 6%.\(^45\) Despite this spike in demand, PetSmart temporarily furloughed and then permanently laid off employees across multiple stores in April and May 2020\(^46\) resulting in an abrupt loss of income and health insurance. The company did not provide severance pay to laid-off employees, even though the job losses came during an economically crippling pandemic.

PetSmart associates who continued to work did so with fewer staff than before and without hazard pay. Major retailers, some of them direct competitors of PetSmart — Amazon\(^47\), Target\(^48\), Costco\(^49\), and RiteAid\(^50\) — boosted hourly wages in recognition of the increased risk to frontline employees. In contrast to many other companies, PetSmart also did not voluntarily provide paid COVID-19 leave to employees.
"Our shift leader was supposed to text us and ask if we were having any symptoms of COVID-19. They were supposed to ask in person, in the store every day, and I never got asked that. Never."
— Crista, Pet Bather in Texas

As the magnitude of the COVID-19 crisis began to crystalize, current and former PetSmart associates began to speak out about unsafe conditions, insufficient paid leave, and loss of their livelihoods. In July 2020, over 500 current and former PetSmart employees wrote to BC Partners alerting them to ongoing hazardous conditions in stores including insufficient personal protective equipment, lax enforcement of social distancing protocols, and a refusal to provide severance pay to laid off employees or hazard pay to employees who continued to work at great risk to themselves and their families.

It has been over a year since PetSmart employees reached out to BC Partners. As of the publication of this report, BC Partners has yet to respond to any of the people who signed onto that letter.

PetSmart’s ineffective health and safety protocols inspired Crista, a former pet bather in Texas, to abruptly quit their job in January 2021 after two months of anxiety over contracting the disease at work. In an interview with VOX, Crista stated, “I was weighing the risk of, do I potentially bring COVID home to myself and my family for what amounts to basically poverty wages?”

“They don’t even tell anyone when people get COVID-19. They just bring in a cleaning crew, then someone is gone for two weeks and they’ll tell us that person is on vacation.”
— Michelle, Retail Sales Associate in California

PetSmart’s lax COVID-19 protocols also prompted complaints with the Occupational Safety and Health Administration (OSHA) in March and April of 2020:

- **March 2020:** A complaint was filed against a PetSmart store in Staten Island, NY after a PetSmart associate tested positive for COVID-19 and it was reported that only the back of the pet hospital was sanitized, not the entirety of shared common areas. The complaint detailed how other employees did not feel safe working there.

- **March 2020:** A complaint was filed in Salem, NH for not enforcing CDC guidelines for COVID-19.

- **April 2020:** A complaint was filed against a PetSmart store in Virginia for not protecting employees from contracting and spreading COVID-19 in the workplace. It was noted in the complaint that employees in grooming salons cannot social distance, nor could employees properly distance themselves from customers.

- **April 2020:** A complaint was filed in Denver, CO against PetSmart for failing to implement COVID-19 precautions such as access to PPE, social distancing, limiting the amount of customers inside of the store at one time, or training workers about the hazards of COVID-19. The complaint also stated that employees who were sick were required to report to work.

- **April 2020:** A complaint was filed in Tacoma, WA for failing to enforce social distancing guidelines, not providing hand sanitizer to customers and employees, and not limiting the number of customers inside the store.

- **April 2020:** A complaint was filed in Daytona, FL for failure to implement CDC/OSHA guidelines for workplace protections against COVID-19.

“They don’t even tell anyone when people get COVID-19. They just bring in a cleaning crew, then someone is gone for two weeks and they’ll tell us that person is on vacation.”
— Michelle, Retail Sales Associate in California
April 2020: A complaint was filed against a PetSmart store in Waterbury, Connecticut after a worker tested positive for COVID-19 and risked exposing other workers in the store.

While PetSmart clearly fell short in its attempts to safeguard stores from coronavirus, the company was grappling with health and safety issues well before the COVID-19 pandemic.

The federal OSHA and state occupational health agencies have conducted multiple inspections of stores across the country every year between 2015 and 2021, several of which resulted in violations and fines against PetSmart:

- **April 2015:** A PetSmart in Hermitage, TN was fined $1,000 for multiple safety violations, including violation of hazard communication program requirements, which require employers to provide employees with effective warnings, information, and training about hazardous chemicals.

- **March 2016:** PetSmart was fined $2,459 for a serious health and safety violation at a store in Traverse City, MI.

- **August 2017:** A PetSmart in Vero Beach, FL was fined $5,432 for violating vermin control requirements.

- **February 2018:** OSHA fined a PetSmart in Hyannis, MA $11,034 for failure to provide a workplace free from recognized hazards that were causing or likely to cause death or serious physical harm where employees were exposed to hazards associated with dog attacks.

- **June 2019:** A PetSmart in Bangor, Maine was fined $41,676 for multiple, serious and repeat safety violations including violations of medical first aid requirements.

- **November 2020:** PetSmart was fined $9,535 for not complying with Virginia's COVID-19 emergency temporary standard at a store in Woodbridge, VA.

- **February 2021:** PetSmart was fined $14,348 for multiple serious OSHA violations at a store in Williston, VT including improper hazard communications and failure to keep records of workplace injuries, illnesses, and fatalities. This case is still open and fines are not final.

Many of the PetSmart associates we spoke to recounted working during the pandemic under conditions they feared put workers and animal welfare in jeopardy and expressed frustration that BC Partners has not addressed many of the problems employees raised in July 2020. In addition, the number of OSHA inspections conducted and complaints filed against PetSmart for violations of workplace safety standards underscores the need for PetSmart to strengthen internal protocols and policies during the COVID-19 crisis and beyond. With the rise of new, more aggressive coronavirus variants, PetSmart associates have renewed concerns about their well-being at work and the health and safety of customers and pets under their care. As PetSmart’s owner, BC Partners has a responsibility to ensure CDC and OSHA rules and recommendations are properly implemented and enforced across PetSmart’s fleet of stores and that employees are provided compensation commensurate with the level of risk associated with working a public-facing job during a global pandemic.
As animal adoptions skyrocketed during the pandemic, PetSmart associates were faced with a surge in customer demand. Customers needed advice on how to care and provide for their new animals as well as a host of supplies and services. Instead of investing in the workforce by hiring more staff, increasing pay, or offering flexible emergency leave, BC Partners cut staffing positions as demand for pet adoptions and supplies was soaring. PetSmart associates also faced a number of operational issues that made providing quality pet care and customer service challenging. Under staffing, supply shortages, broken or improperly repaired equipment, and other operational troubles made day to day work at PetSmart unnecessarily difficult for frontline employees.

Zoe, a pet stylist-in-training, who performs grooming services in Massachusetts, had to deal with ongoing flooding in their PetSmart salon. According to Zoe, “there was a straight month going back and forth between either the salon [where dogs are bathed] was flooding or the bathroom was flooding.” To make matters worse Zoe’s store had parasitic worms growing in the flooded drains.

In addition to flooding, Zoe’s location had difficulties keeping temperatures in the salon within PetSmart’s own temperature guidelines, which state that heat in salons should not exceed 80 degrees. Zoe reported working in strenuous conditions at temperatures above 80 degrees.

“PetSmart is making huge profits and still doesn’t want to put in the money to make needed repairs. They just do little band-aid fixes so the problems don’t go away and we’re stuck working in conditions that are not safe for us or the pets.”
— Zoe, Pet Bather in Massachusetts

Additionally, Zoe said that PetSmart frequently ran out of specific shampoos and conditioners that were necessary to adequately perform their job. Malfunctioning equipment was rampant. The “Hydrosurge” bathing system at Zoe’s location was
defective for months at a time, which meant bathers had to spend more time manually washing pets with their hands without the assistance of the expensive equipment customers had paid for.

Adrian, the bather who is training to become a groomer in Georgia, echoed Zoe’s experiences. Adrian recounted how when they started working for PetSmart in late November 2020, their store location went without FURminator®’s dog shampoo and FURminator® deshedding solution for the entirety of the holiday season. PetSmart offers a specialized service for an additional charge that helps reduce the shedding of animals with specific coats utilizing FURminator®, but when their store ran out for several months PetSmart did not stop offering the service and associates were told to use a cheaper alternative because they “smelled similar.”

“With my morals, I would have told the customer that we are out of the FURminator® deshedding solution. Don’t spend your money on it because it’s so much more expensive to get a FURminator® bath than just a basic bath. People were paying for FURminator® baths but weren’t getting what they were paying for because PetSmart was out of the product for months.” — Adrian, Pet Bather in Georgia

PetSmart associates in Crista’s store in Texas have had to constantly deal with equipment that would go out of service for long periods without being repaired and a lack of basic supplies. In an interview, Crista shared how when specialty pet shampoos and conditioners ran out groomers were forced to resort to whatever supplies they had on hand - even if it was not the expensive product pet parents thought was being used.

In addition to supply shortages, Crista’s store had clogged drains in the dog bathing area, which would cause a terrible odor and floors in the room where dogs were groomed had a persistent algae growth issue.

Adrian, Zoe, and Crista’s experiences indicate that PetSmart customers may be paying for a service they did not receive.

PetSmart associates continue to express concern about the impact these operational issues have on customers and pets. As frontline employees they have a unique understanding of what is and is not working in their stores. Yet, BC Partners continues to ignore PetSmart associates’ call for needed changes in stores across the country.

“With my morals, I would have told the customer that we are out of the FURminator® deshedding solution. Don’t spend your money on it because it’s so much more expensive to get a FURminator® bath than just a basic bath. People were paying for FURminator® baths but weren’t getting what they were paying for because PetSmart was out of the product for months.” — Adrian, Pet Bather in Georgia
Since BC Partners acquired PetSmart in 2015, press reports show that dog deaths in PetSmart’s care have more than doubled. A groundbreaking 6-month investigation entitled “Groomed, then Gone: Dogs are dying after PetSmart visits and families struggle to understand why” by NJ Advance Media, found that the deaths, which typically occur during or immediately after grooming services at PetSmart, surged after private equity took possession of the firm in 2015.

From 2008 to 2014 there were only 15 pet deaths nationally for the company, but from 2015 to 2018 in the first three years that BC Partners owned the retailer, that number surged to over 30 deaths. In less than three years since the investigation, press reports show that an additional five dogs have died while in PetSmart custody or shortly thereafter, including a poodle that was allegedly strangled while being groomed and a bulldog that was crushed under a PetSmart grooming table.

PetSmart did not admit to wrongdoing in any of the deaths covered in the NJ Advance Media study, but the corporation has not been transparent and has refused to disclose the number of dog deaths in their custody - the true number of
dog deaths at PetSmart may actually be higher than those uncovered during the investigation.

Is Understaffing and Inadequate Training to Blame?

At the time of the NJ Advance Media report, they found that understaffing and under training might be factors that explain the high number of dog deaths in PetSmart’s care:

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

More recently, in a 2020 incident, PetSmart admitted that inadequate training as the reason a Maltese-shih tzu mix named Winter nearly died. What began as a routine trip to the groomer for Winter, ended with the dog being rushed into emergency surgery to save her life. In July 2020, Sherrilyn Miller took Winter to PetSmart for a run-of-the-mill bathing and grooming service, Miller then paid extra to have bows placed on her 2-year-old emotional support dog. The next day, Miller noticed Winter’s behavior change, Winter was sluggish and liquid was oozing from her ears. Miller said, “her ears looked like black coal,” in an interview with Mercury News. The pup was then rushed to emergency surgery in which a veterinarian would apply multiple punctures with an 18-gauge needle to the dog’s ear. As stated by the vet, if another four hours passed, Winter could have lost her ears and in 24 hours, the dog could have been dead.

According to a press report inadequate training is to blame in the near-death of Winter: “A managing agent at PetSmart immediately admitted wrongdoing, saying that the employee was new and had undergone “expedited” training.”

In a separate May 2020 incident where a poodle by the name of Kobe was killed, a video surfaced showing the dog being asphyxiated by two leashes as he was having a routine nail clipping. “They used two separate leashes. One directly above the grooming table at a vertical angle, and the other leash was horizontal. So he’s tethered in two different directions. They begin to clip his nails, and there’s two of them and they’re lifting him up in a way that he can’t put his paws down on the table at all,” Kobe’s owner, AJ Ross, told People Magazine.

“It’s horrific to watch and [after a minute] he goes limp. They never put his feet down until after he goes limp.”

PetSmart terminated the employees involved in the incident, and in a statement said that the corporation’s investigation found an “…unintended failure to adhere to our pet safety processes” raising questions about the adequacy of training procedures. After her dog’s death, Kobe’s owner Ross asked to view PetSmart’s grooming regulations, but according to press reports, PetSmart would only do so if she agreed to sign a nondisclosure agreement, which she refused to do.

When lawmakers have sought to standardize groomer training by requiring licensing, they have often faced stiff opposition. According to New Jersey Assemblywoman Valerie Huttle: “So I think the pushback is about the profits … I would think all of us that have pets would say pets over profits.”

PetSmart employees continue to describe the need to improve employee training. Happy, a Retail Sales Associate in Tennessee who worked his way up to become a Pet Training Associate and started working at PetSmart before the acquisition by BC Partners, said he has witnessed how training standards have deteriorated over time since the private equity firm acquired the company. According to Happy, “new [PetSmart] leadership seems to value its bottom line more highly than the safety of our pets.”
line over pet training and pet care.” When he first started working at PetSmart prior to BC Partners’ involvement, he underwent a meticulous training program that has since been “dumbed down” and he has seen older, experienced workers replaced by younger people who are paid a lower rate.

Adrian, a bather from Georgia who was recently accepted into PetSmart’s Grooming Academy, also expressed concerns about PetSmart training protocols, stating that they didn’t feel as “safety certified” as they could be because the initial training was so rushed and minimal. Oscar, a retail sales associate in Arizona, shared similar sentiment regarding lack of training, declaring, “they [PetSmart] never trained me how to properly deep clean the small animal enclosure. They just threw me at small animals because someone called out.”

“They [PetSmart after BC Partners’ acquisition] dumbed down the curriculum and got rid of all of the older, more experienced, career-trained workers and hired young people at their new really low commission rate. I almost felt like a lot of what we were doing with dogs and their clients wasn’t even relevant and certainly not considered best industry practices.”
— Happy, Pet Training Associate in Tennessee

In addition to mistreatment of dogs, allegations of animal abuse have continued to add up since BC Partners acquired PetSmart:

- Between January 2019 and March 2020, PetSmart was cited for more than 70 violations of Colorado’s Pet Animal Care Facilities Act (PACFA), “which requires the bare minimum standards of animal care,” according to a review of state records by People for the Ethical Treatment of Animals (PETA). The violations occurred at 16 different PetSmart stores throughout the state.78

- In 2018, police raided a PetSmart in Bellevue, TN after allegations of animal neglect. According to a Nashville news station, “… Metro Health Department and Metro Animal Care and Control received information, photos and video detailing an alleged “lack of care” for animals at the store.”

- 20 PetSmart stores in North Carolina were ordered to “improve conditions for animals in order to comply with the state’s Animal Welfare Act” according to a review of records from the North Carolina Department of Agriculture and Consumer Services (NCDA&CS) between June 2018 and February 2020 by PETA.

The 2018 NJ Advance Media investigative report highlighted a spike in dog deaths at PetSmart in the years following BC Partners’ 2015 acquisition of the company. Since that report was published, more dogs have died under PetSmart’s care and citations for animal neglect and abuse have piled up. PetSmart employees report many of the issues exposed in 2018 - understaffing, inadequate training, and poor in-store management- persist today. Ironically, in-store services like grooming and boarding are PetSmart’s best hope for accessing the high-spend “pet parent” market currently driving the pet industry,79 but these services can only be delivered by well-trained, well-paid employees working in safe, healthy conditions.
A review of the federal and state legislative landscape for pet groomers and pet stores found no federal regulation or oversight of the industry, significant variation in the regulation of pet stores across the fifty states, and a complete absence of laws governing the licensing or certification of individual pet groomers. (See Appendix I for summary of state licensing regulations)

State oversight and regulations that are in place vary widely. In some states the licensure required of pet stores amounts to little more than registration and a means of fee-collection, with no requirements for standards of care. For example, in Alabama and Alaska pet retailer licensing requirements are housed within the tax code. Pet stores are lumped together with other “miscellaneous store retailers” like florists, novelty, art, and tobacco retailers, and licensure comes with no regulation specific to the pet industry. Delaware only regulates the boarding and selling of dogs. The states of Florida, Indiana, Montana, Washington, and Maryland devolve oversight of the pet industry to municipal governments.

Even states whose laws impose some standards of care on pet stores fail to regulate the services provided to pets - training, grooming, and boarding. Across the board, training and certification of individual pet groomers is an indication of technical skill that might make a groomer a more attractive hire, but not subject to any aptitude test or legal requirement. There is no regulation stopping a pet store from employing an untrained groomer or one whose grooming training took place entirely online without oversight.

In the last decade, only six states - California, Massachusetts, New Jersey, New York, Pennsylvania, and Rhode Island - have attempted to regulate pet grooming. Nearly all proposed legislation was prompted by instances of pet injury or death during or shortly after grooming sessions. All of the proposed legislation failed to become law.

The harmful impacts of private equity ownership are compounded by minimal oversight of the pet industry and the services pet retailers provide. Without stronger regulation of private equity and the pet industry as a whole, the responsibility for protecting animal welfare will be left to the pet industry’s private equity owners who seem more interested in short-term gain than protecting the pets under their care.

“So I think the pushback is about the profits … I would think all of us that have pets would say pets over profits.” — NJ Assemblywoman Valerie Huttle
Private equity ownership of PetSmart degrades working conditions and negatively impacts the quality of animal care at the largest pet retailer in the country. Sadly, it is PetSmart associates, customers, and pets who pay the price for BC Partners’ extractive ownership practices.

As detailed above, under BC Partners’ stewardship, PetSmart has not done enough to protect employees during the coronavirus pandemic, resulting in numerous occupational health and safety complaints. With the rise of new, more aggressive coronavirus variants PetSmart associates are once again concerned about their well-being at work and the health and safety of customers and pets under their care.

The operational management of PetSmart’s fleet of stores has also suffered under BC Partners’ ownership. Associates shared the difficulties and challenges of working without rigorous training, functioning equipment, or sufficient supplies. Those who had worked at PetSmart before private equity took over reported a marked deterioration of job quality and pet care standards.

Since BC Partners’ 2015 acquisition, at least 36 dogs have died under PetSmart’s care and citations for animal neglect and abuse have piled up. Despite several high-profile cases linked to poor or rushed training of new hires, PetSmart employees continue to report operational issues that hinder their ability to provide loving, professional pet care. According to the associates we spoke to, problems of understaffing, inadequate training, and poor in-store management persist today.

Minimal state and federal oversight of the pet industry - pet grooming in particular - further jeopardizes employees and animal welfare by leaving the pet industry and its private equity owners to define standards of care.

While the problems outlined in this report are serious, there is a path to making PetSmart a better place to work and a safer place for animals.

State policy makers can ensure pet service workers have access to rigorous training and certification programs that prepare them to provide safe, quality pet care. They can also impose reporting requirements on pet specialty retailers, empower state agencies to investigate pet deaths and injuries, and prohibit pet specialty retailers from entering into non-disclosure agreements with customers.

Federal policy makers have an opportunity to reign in private equity mismanagement and excess, and to support frontline employees who speak out about animal neglect and unsafe working conditions. The Stop Wall Street Looting Act will restrict private equity’s ability to saddle acquired companies with debt and extract fees and dividends which deprives companies of assets needed to remain competitive. The Protecting the Right to Organize Act will ensure workers can push for workplace changes without fear of retaliation.

Ultimately the responsibility to protect employees, create quality jobs, and ensure the provision of exceptional animal care at PetSmart falls to BC Partners. As the owners of the largest pet specialty retailer in the United States, BC Partners must prioritize petcare and the people working in their stores over short-term profits.

This report offers a series of recommendations for BC Partners and public policy makers.
Private equity owners of pet specialty retailers have a responsibility to protect employees and public health, create quality jobs, and ensure the provision of exceptional pet care.

**To protect frontline employees and pets, BC Partners must guarantee:**

- **Quality Jobs for All Frontline Employees**  
  Guaranteed $15 minimum wage, fair scheduling, access to full-time hours, a safe work environment, and a $5/hour essential pay increase.

- **Healthcare for All**  
  Provide quality employer-paid healthcare and cover premiums for all employees, including part-timers.

- **Pet Care Over Profit**  
  Provide employees with functioning equipment, proper supplies, and adequate staffing and training that prepares employees to give animals the caring services they deserve.

- **Job Protections**  
  Establish a severance policy for all employees in the event of bankruptcy or change of ownership that would result in layoffs, with at least one week of pay per year of employment and two weeks minimum. Any layoffs should be done in order of reverse seniority and employees should get at least 90 days’ notice.

- **Worker Representation on the Board of Directors**  
  Frontline employees should have input into corporate policies that directly impact them and the pets they care for. Pet care professionals bring unique knowledge and perspectives that are essential to the provision of exceptional pet care and customer service as well as the long-term competitiveness of PetSmart.

**Federal policy makers must reign in private equity excess and protect employees who organize to improve their working conditions:**

- Pass the **Stop Wall Street Looting Act** to protect workers, communities, and businesses from private equity extraction and excess. Private equity executives pay themselves fees for nonexistent services and quickly convert the assets of acquired companies into dividends for the private equity firm. This leaves the companies without resources to invest in sustaining and growing their businesses, or paying workers fairly.

- Pass the **Protecting the Right to Organize Act** to remove obstacles that impede workers from exercising their rights to improve their livelihoods and working conditions. Defending these rights is crucial to lessening the plight of economic inequality, as it allows workers to collectively come together and fight for dignified wages, adequate benefits, proper health and safety on the job, and balancing the power between workers and their employers.

**State policy makers must protect pet store workers and regulate pet specialty retailers:**

- Ensure pet service workers have access to **rigorous training and certification programs** that prepare them to provide safe, quality pet care.

- Require pet speciality stores to report instances of pet death and injury, empower a State Agency to investigate these incidents, and prohibit pet speciality retailers from entering into **non-disclosure agreements with customers**.

- Encourage pet service workers to report **unsafe working conditions** and company practices and policies that can seriously injure animals under their care.
In July 2020, 550 current and former PetSmart employees wrote to BC Partners about unsafe conditions in stores including insufficient personal protective equipment, lax enforcement of social distancing protocols, and a refusal to provide severance pay to laid off employees or hazard pay to those who continued to work.

United for Respect interviewed 25 current and former PetSmart employees between April 2020 and July 2021 about their experiences and concerns while working at PetSmart. Tenure with PetSmart varied from between 4 months to over 10 years among associates whose experiences are highlighted in this report.

Associates we spoke to represented varied job classifications including:

- **Pet Stylist (groomer):** responsible for helping customers select grooming packages, cleaning the pet’s teeth, trimming the pet’s nails, and cutting the pet’s hair. Pet Stylists work in close proximity to bathers in the salons.

- **Pet Stylist Apprentice (bather):** prepare pets for bathing, nail trimming, teeth brushing, and perform assessments of pets (HOP) before their service. Pet Stylist Apprentices work in close proximity to Pet Stylists (groomers) in the salons as this is the first of 4 steps to becoming a fully certified groomer within PetSmart’s internal structure.

- **Petcare Associate:** oversee and care for all living pets in stores (fish, reptiles, birds, small animals). They help clean, feed, and keep pets healthy.

- **Retail Sales Associate:** provide numerous services to PetSmart including expediting the check out process as a cashier, providing pet care to all living pets in stores (fish, reptiles, birds, and other small animals), and are responsible for merchandising, inventory, and stocking goods.

- **Pet Hotel Associate:** interact directly with the pets - playing with them during Doggie Day Camp and ensuring they get exercise and food. Night shift associates take care of pets throughout their overnight stay — providing food and medication, and, occasionally, a bedtime story.

We calculated the number of pet deaths at PetSmart post BC Partners acquisition by using the NJ Advance Media investigative report findings (32) as a base but subtracted the Danielle DiNapoli/Scruffles incident due to an ultimately successful defamation lawsuit brought by PetSmart and Ms. DiNapoli’s subsequent retraction, bringing the total number of deaths between 2015 and 2108 to thirty-one (31). We then conducted a Lexis-Nexis news and litigation search to identify any instances that occurred after September 2018 and found documentation of five additional deaths of dogs while under PetSmart’s care or shortly after the service was provided, bringing the updated total to thirty-six (36). Note, PetSmart has refused to disclose the number of dogs that have died in their care, the true number may be much higher.

The five additional deaths we identified are listed below:

- 10/29/18 - A mastiff broke free from its kennel in the grooming salon and attacked and killed another dog in Illinois.
- 11/25/18 - Thomas Cunningham brought his English Bulldog, Trinity, into PetSmart and shortly after her grooming service she passed away.
- 2/14/19 - Darren Harris lost his English Bulldog, Enzo, shortly after a grooming service.
- 12/26/19 - Vikki Seifert lost her Bulldog, Minnie, who was crushed under a table during a grooming service.
- 5/13/21 - Aj Ross lost her toy poodle, Kobe, after a grooming service went wrong.

Similarly, our analysis of the federal and state regulatory landscape for pet grooming and pet speciality stores is based on Lexis-Nexis and other research conducted in July 2021 that captured federal and state legislation.
References

1. https://www.investmentcouncil.org/economicimpact/
4. https://www.ibisworld.com/united-states/market-research-reports/pet-stores-industry/
7. https://money.cnn.com/2014/12/14/investing/petsmart-deal/
16. See Detailed Summary Of State Regulation Of Pet Retailers And Groomers in Appendix I
17. Ibid.
22. https://www.ibisworld.com/united-states/market-research-reports/pet-stores-industry/
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GREED UNLEASHED: PetSmart, BC Partners, and what happens when private equity preys on workers and pets

See Detailed Summary Of State Regulation Of Pet Retailers And Groomers in Appendix I

ibid.
https://www.onlingroomingschool.com/enroll.php
https://takeonwallst.com/private-equity-hedge-funds/
https://aflcio.org/how-pro-act-will-help-employees-advocate-improvements-work
https://projects.nj.com/investigations/petsmart/
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<td>PACFA, the Pet and Animal Care Facilities Act, extensively governs all facilities that provide pet services, including pet retailers. Persons providing any of the following services exclusively do not require licensure with PACFA: dog and cat nail trims, pet animal oral hygiene, pet animal ear cleaning, or pet animal anal gland expression. Licensure involves a fee and application, but licensed businesses are subject to inspection and disciplinary measures should they violate any PACFA clauses. Complaints against pet facilities can be submitted to PACFA by the public.</td>
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