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August 18, 2025 For Immediate Release **Contact: Steve Walker** (619) 843-7977

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DA Announces \$13.6 Million in Consumer Protection Judgments Against Three Companies

DA Updating Online Consumer Fraud Reporting Tool, Increasing In-Person Public Access to Consumer Protection Experts

San Diego County District Attorney <u>Summer Stephan</u> today announced key updates to the way her office is protecting consumers from fraud and abuse, including a modernized online reporting tool on its public website and increased access for the public to make complaints in person. The expanded consumer protections come amid news of stipulated judgements involving the San Diego District Attorney's Office to settle civil law enforcement complaints against three companies: HelloFresh, Walmart Corporation, and Attractive Gems.

Over the past 10 years, the San Diego DA's consumer protection filings have led to 87 civil judgments, resulting in court-ordered statewide penalties totaling more than \$134 million.

"The civil actions we file protect the consumer and hold corporations accountable when they fail to follow the laws in place to ensure the public is getting accurate and fair pricing information on products they purchase, as well as making sure companies aren't using fine print to trigger costly automatic renewals that take advantage of unsuspecting consumers," said DA Stephan. "Our Economic Crimes and Consumer Protection Division is committed to holding retailers accountable for meeting their obligations under the law and we work with our colleagues across the state of California to accomplish that."

In what is believed to be one of the largest such judgments ever ordered in California, it was announced today that HelloFresh, the world's largest meal kit delivery company, will pay \$7.5 million to settle a civil lawsuit alleging the company violated California's Automatic Renewal Law by deceptively enrolling consumers into auto-renewing subscription plans without proper disclosure or consent. The lawsuit alleged that HelloFresh misled California consumers into ongoing subscription charges without adequate notice or authorization.

In a separate action, Walmart Corporation was ordered last week to pay a \$5.6 million stipulated judgement to settle a civil law enforcement complaint that alleged that the retailer unlawfully charged customers prices higher than their lowest advertised or posted price.



And in a settlement announced last month, a \$500,000 judgement was ordered against the San Diego-based jewelry store Attractive Gems Jewelers and its two owners, resolving allegations that the company engaged in deceptive lending practices. A joint investigation by the San Diego County District Attorney's Office and California Department of Justice found that Attractive Gems misled consumers by falsely promoting a store credit line to build credit. The company also failed to provide required credit disclosures and used unlawful arbitration clauses in installment contracts with military service members in violation of the federal Military Lending Act.

The DA today also announced an updated <u>online reporting tool</u> on its public website, which allows the public to file a complaint if they are aware of a fraudulent or unlawful business practice taking place in the county. Consumer protection-related criminal or civil cases are developed in several ways, including information from law enforcement and regulatory agency investigations, referrals from consumer protection prosecutors in other areas of California, and complaints from the citizens of San Diego through the DA's Consumer Complaint Form process.

"My office is committed to supporting the San Diego community and providing a means of reporting individuals and businesses engaged in unlawful business practices," DA Stephan said. "We want to streamline the reporting process as much as possible and want consumers to know where they can go to more easily report suspected fraud or unlawful business practices."

The DA is making consumer protection experts available at two locations in the county, allowing the public a more accessible way to report suspected consumer fraud, make consumer complaints, and receive consumer protection advice in person. These specialists will be on-site every week, part-time at the DA's <u>CARE Center</u> located at 12 North Euclid Avenue in National City, as well as <u>One Safe Place</u>: the North County Family Justice Center located at 1050 Los Vallecitos Boulevard in San Marcos.

The San Diego County District Attorney's Economic Crimes and Consumer Protection Division, brings civil and criminal actions to protect San Diego County consumers. The division investigates and prosecutes fraud and unlawful business practices in the marketplace. The division includes a team of experienced attorneys, investigators, and other professional staff who investigate and evaluate reports of fraudulent and unfair business practices and determine appropriate action.

Last year alone, the DA's Consumer Protection Unit filed several civil actions related to unfair or deceptive business practices that netted a total of \$14,652,500 in civil judgments. The cases involved illegal automatic renewals, improper pricing policies and pricing inaccuracies. Companies that reached settlements with the DA's Office include Thrive Market Technologies; Albertsons, Vons, and Safeway grocery stores; Travelers Insurance and Lamps Plus

Residents are encouraged to follow the DA's Office on social media for information and updates on consumer protection efforts. For more information on consumer protection resources and how to report fraud, visit the DA's website.

Deputy District Attorneys Kathryn Turner, Stephen Spinella, and Tom Papageorge are prosecutors who specialize in consumer protection and handle these complex cases.



About the San Diego County District Attorney's Office

The San Diego County DA's Office prosecutes all felony crimes in the county and misdemeanor crimes committed outside the City of San Diego. The office files about 40,000 criminal cases a year and balances prosecution with numerous crime prevention programs. District Attorney Summer Stephan leads the office of more than 1,000 dedicated employees who pursue fair and equal justice, and support victims daily across San Diego County.