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# Amazon Settles \$2 Million Consumer Protection Lawsuit Relating to Reference Price Advertising

## *Amazon Agrees to Provide Clearer Pricing Information to Customers*

San Diego County District Attorney Summer Stephan announced today that the DA's Consumer Protection Unit, working with the Santa Cruz, Alameda, Santa Clara, Yolo and Riverside District Attorney's offices, obtained a multi-million dollar civil judgment in a consumer protection lawsuit against e-commerce giant, Amazon.com. The District Attorney's complaint alleges that some Amazon reference price advertisements were either misleading or potentially misleading, to consumers making purchasing decisions.

"When consumers shop online, they need to be able to trust that when a product is advertised as being a bargain, it truly is" DA Stephan said. "This judgment should remind retailers that the law requires them to provide accurate information so consumers can make informed purchasing decisions. Our Consumer Protection Unit continues to hold companies accountable and collaborate successfully with our prosecution partners across the state of California."

Amazon.com commonly uses reference prices, often called "Was" or "List" prices, to advertise savings to consumers. For example, a product advertised at \$19.99 adjacent to a reference price stated as "Was \$29.99" or "List Price \$29.99." A "Was" price is the price at which Amazon previously offered the product. "List" price advertisements suggest to consumers the price at which the product is commonly offered or sold by another seller, supplier or the product's manufacturer. The District Attorneys determined that there were issues with how Amazon determined these reference prices and whether words like "Was" or "List" were used in a manner that was misleading to consumers.

The Stipulated Final Judgment, entered by San Diego Superior Court Judge Katherine Bacal on March 24, requires Amazon to make changes and revisions to its "List" and "Was" pricing disclosures to explain the way it determines and validates its reference prices. These changes and revisions include a hyperlink to provide consumers clear definitions of the meaning of "Was" and "List" price advertisements, so they understand the nature of the advertised savings. Additionally, as part of the

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settlement, Amazon will pay a total of \$2 million in penalties, costs, and restitution to the state's Consumer Protection Trust Fund. The San Diego County District Attorney's Office will receive \$300,000 in costs and penalties.

Amazon worked promptly and cooperatively throughout the District Attorneys' investigation and has already implemented changes to its website and pricing algorithms consistent with the Final Judgment.

The case was handled by Deputy District Attorneys Colleen Huschke and Stephen Spinella of the DA's Consumer Protection Unit. The DA's Economic Crimes Division is responsible for prosecuting a wide variety of wrongdoing, including elder financial abuse, computer intrusion, complex identity theft, investment scams, embezzlements, real estate matters, counterfeit goods, environmental crimes and the theft of public assistance funds. The division also acts to protect consumers and businesses by successfully filing numerous civil cases to prohibit unfair business practices within the marketplace.

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*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.*