



San Diego City Attorney Jan I. Goldsmith

NEWS RELEASE

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Rite Aid to Change Practices and Pay Penalties to Settle Consumer Protection Case *California Prosecutors Allege Deceptive Advertising and Gift Card Redemption Violations*

San Diego, CA: Today San Diego Superior Court Judge Ronald S. Prager ordered Rite Aid Corporation and Thrifty PayLess Inc., its California subsidiary, to pay \$800,000 in civil penalties and costs to settle a law enforcement action alleging false advertising and failure to redeem gift cards with balances of less than ten dollars for cash in Rite Aid stores, as required by California law. The companies also agreed to make in store changes to resolve the consumer protection case filed by the San Diego City Attorney's Consumer Protection Unit, together with prosecutors from the Santa Clara, Riverside and Ventura County District Attorney's Offices.

The complaint alleges Rite Aid advertisements conveyed to consumers that they would pay lower prices for items purchased using the Rite Aid Wellness+ Card. However, once at the register the customer could not purchase the item at the advertised price. Instead the customer got a coupon printed on the end of his/her receipt for money off a future purchase that would expire and was subject to other restrictions. The complaint alleges that Rite Aid failed to adequately inform consumers that the product could not be purchased at the advertised price. In the settlement, the companies agreed that Rite Aid will clearly display the limitations and all the conditions necessary for customers to purchase items for advertised prices.

Prosecutors also allege that Rite Aid stores refused to redeem gift cards with a balance of less than ten dollars for cash, as is required by California Law. As part of the settlement, Rite Aid stores will institute a new system at customer credit card terminals in which the computer will prompt consumers when gift cards are below ten dollars, and ask if they would like to redeem the card for cash.

The Court also ordered Rite Aid and Thrifty PayLess not to commit future violations, and that the companies pay \$25,000 in costs and \$75,000 for the California Department of Food and Agriculture, Division of Measurement Standards' price verification program.

(MORE)

San Diego City Attorney Jan Goldsmith said “This enforcement action is important to our citizens. The law requires that advertising must be clear so that consumers know what they are paying for an item before it’s purchased. And because of this lawsuit, Rite Aid now has a simple procedure in place to redeem gift cards with balances less than ten dollars for cash.”

[The City Attorney’s Consumer & Environmental Protection Unit](#) (CEPU) maintains a Consumer Hotline at (619) 533-5600, which consumers can call to report fraud, waste or abuse. The duties of the CEPU include investigating and prosecuting false advertising, unfair business practice, theft, environmental and unlicensed activity cases.

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