



# San Diego City Attorney Jan I. Goldsmith

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## NEWS RELEASE

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### **Wal-Mart to Pay \$820,000 in Consumer-Protection Settlement** *Retail giant was accused of misrepresenting treadwear warranties on its tires*

Wal-Mart Stores, Inc., will pay \$820,000 to settle a consumer-protection action brought by the City Attorney of San Diego and district attorneys in two California counties alleging that Wal-Mart failed to disclose and misrepresented warranties on tires sold at its stores in California.

The complaint accused the giant retail chain of failing to provide warranty documents and information required by law, and making misleading statements to consumers about its no-cost treadwear warranty on Goodyear Wrangler Radial tires.

The complaint alleged that, at various times, Wal-Mart employees falsely claimed:

- Wal-Mart would not honor the treadwear warranty;
- Goodyear would honor the treadwear warranty;
- Wal-Mart would assume responsibility for the treadwear warranty for Goodyear if an additional road-hazard warranty was purchased from Wal-Mart at \$10 per tire; and,
- the treadwear warranty was unavailable without the road-hazard warranty.

Wal-Mart admitted no wrongdoing in the settlement. It fully cooperated in the investigation and has revised its practices to comply with applicable law. As part of the stipulated judgment, Wal-Mart agreed to train employees in its Auto Care Centers about the material terms of its tire warranties, including the identity of the warrantor.

The judgment included \$685,000 in civil penalties, to be evenly divided between the City Attorney of San Diego and the District Attorney Offices of Tulare and Yolo Counties, the agencies that brought the case on behalf of the People.

In addition, restitution of \$85,000 will be paid to two statewide funds: \$50,000 to the Tire Recycling Management Fund, which provides grants to clean up illegally disposed tires; and \$35,000 to the Consumer Protection Prosecution Trust Fund, to aid in the prosecution of consumer protection cases.

Wal-Mart will also reimburse \$50,000 in plaintiff costs, with San Diego receiving \$22,312, Tulare County \$15,000, Yolo County \$10,000 and the aforementioned Consumer Protection Prosecution Trust Fund receiving \$2,688.

**“A warranty is only as valuable as the integrity of the company behind it,”** City Attorney Jan Goldsmith said. **“We appreciate the cooperation of Wal-Mart officials during this investigation. They will be smart to ensure that this situation never happens again.”**

Penalties received by the City of San Diego are used to fund the activities of the City Attorney’s Consumer and Environmental Protection Unit.

Deputy City Attorney Michael Hudson handled the case for the City Attorney’s Office.

The City Attorney’s Consumer & Environmental Protection Unit (CEPU) maintains a Consumer Hotline at (619) 533-5600, which consumers can call to report consumer complaints. For consumer tips and information, check out consumer news on the City Attorney’s webpage, Newsletters/Office of the City Attorney or at <http://www.sandiego.gov/cityattorney/media/newsletters.shtml>

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