



San Diego City Attorney Jan I. Goldsmith

NEWS RELEASE

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Petco Pays \$1.75 million to Settle Consumer Protection Case *California Prosecutors Alleged Inadequate Animal Care and Pricing Errors in Lawsuit*

San Diego, CA: For the second time in six years, a court has ordered Petco Animal Supplies, Inc. (“PETCO”) to pay penalties in a civil law enforcement case alleging California customers were overcharged and animals were neglected or mistreated in *Petco* stores. The company paid \$1.75 million in penalties and costs to resolve the case, which was filed today in the San Diego Superior Court. The company did not admit liability. PETCO paid more than \$850,000 to resolve similar allegations in a 2004 law enforcement case brought by California prosecutors.

The San Diego City Attorney’s Office, together with the District Attorneys of San Diego, Marin, Los Angeles, San Mateo and Santa Barbara, prosecuted the case on behalf of the People of the State of California. The case stemmed from state and county inspections of *Petco* stores throughout California from 2005 to 2008. Under the terms of the stipulated judgment, PETCO is required to institute more extensive policies and procedures addressing animal care and pricing accuracy.

The case was investigated by the California Department of Agriculture Division of Measurement Standards, San Diego County Department of Agriculture, Weights and Measures, and other weights and measures offices in the state. The investigation into pricing accuracy revealed that PETCO failed to remove some expired price tags from store shelves, resulting in actual or potential customer overcharges. The company also failed to adequately instruct its employees on weighing and charging for bulk sale items such as dog biscuits and other pet treats.

Under the terms of the court order, if a *Petco* customer is overcharged, the store must deduct \$3.00 from the lowest advertised or posted price of the item. If the item is \$3.00 or less, the store must give one of the items to the customer for free. This policy will be in effect for five years, and must be posted in every *Petco* store in California. The company must also conduct regular pricing audits in its stores to ensure that customers are charged the correct price.

Inspections of *Petco* stores in Marin County by that county’s humane society revealed that animal habitats were not adequately cleaned and maintained as required by California’s *Pet Store Animal Care Act*. Animal welfare inspectors also found that in some instances, sick animals were not identified and removed from sales floor habitats.

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The settlement requires that PETCO initiate and enforce a program to ensure the health of every animal in its stores. Terms of the program include daily animal and habitat inspections, comprehensive employee training, and prompt veterinary care for sick or injured animals.

San Diego City Attorney Jan Goldsmith acknowledged PETCO's cooperation in the investigation and resolution of the case, but noted that the 2004 settlement should have been a wake-up call for the company. "As a responsible corporate citizen based in San Diego, consumers expect PETCO to make the care of animals in its stores its highest priority," said Mr. Goldsmith. "Consumers also expect, and the law requires, that the company charge customers the correct amount for their purchases," he added.

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