

Office of Attorney General Terry Goddard



STATE OF ARIZONA
DEPARTMENT OF LAW
1275 W. WASHINGTON STREET
PHOENIX, ARIZONA 85007-2926
WWW.AZAG.GOV

ANNE TITUS HILBY
PRESS SECRETARY
PHONE: (602) 542-8019
CELL PHONE: (602) 725-2200
ANNE.HILBY@AZAG.GOV

FOR IMMEDIATE RELEASE

Terry Goddard Announces \$1 Million Pricing Settlement with Wal-Mart

(Phoenix, Ariz. – May 19, 2009) Attorney General Terry Goddard today announced a \$1 million settlement of a consumer fraud lawsuit regarding price accuracy against Wal-Mart Stores, Inc., the largest retailer in the nation and in Arizona. According to the agreement, Wal-Mart has committed to establish a rigorous price inspection and monitoring system to ensure that all of its Arizona consumers have access to accurate and clearly posted prices.

“In today’s tough economy, consumers need accurate price information to comparison shop and decide what to buy with their hard-earned money,” Goddard said. “I appreciate Wal-Mart stepping up to make sure its consumers have this critical information and hope other businesses will take the time to evaluate their own pricing systems. If Arizona’s largest retailer can commit to price accuracy, I expect every Arizona business can do the same.”

All Arizona retailers are required to price their merchandise accurately and make those prices clear to consumers. Between 2001 and 2006, Wal-Mart paid more than \$450,000 in fines for failing 526 price accuracy inspections conducted by the Arizona Department of Weights and Measures (DWM).

Goddard brought the lawsuit in July 2006 to require the company to fix the problems that led to the failed inspections and to provide more reliable pricing for consumers.

Today’s settlement promises to bring significant improvements in the accuracy of Wal-Mart’s price posting and checkout scanning. It will give consumers the information they need to identify a product’s cost, comparison shop effectively and trust that the price they are quoted is the same as they price they pay.

According to the agreement, Wal-Mart will appoint an independent monitoring company to design and conduct price accuracy and price posting inspections at its stores across Arizona. The monitor will inspect 40 Wal-Mart stores (out of the company’s 92 stores in Arizona) each year for three years.

Inspectors will consider a store “passing” when at least 98 percent of the merchandise inspected has prices that are clearly and accurately marked. If a Wal-Mart store fails an inspection by the independent monitor, Wal-Mart will pay the state a fine of \$2,500 and the store will be re-inspected until it passes. If the same store fails re-inspections by the monitor, Wal-Mart must pay an additional \$5,000 fine for each failed re-inspection.

If any store fails two inspections in a row, Wal-Mart will create a written plan to correct that store's specific pricing problems within 30 days. The independent monitor will then re-inspect the store regularly, each time assessing the \$5,000 fee if the store fails, until the store passes.

In addition to these changes in business practices, Wal-Mart agreed to a financial settlement of \$1 million. The money will go toward the cost of the monitoring program as well as consumer education and fraud prevention.

The settlement, which takes the form of a consent judgment, was filed earlier today in Maricopa County Superior Court.

History

Between 2001 and 2006, Wal-Mart was cited repeatedly by DWM for discrepancies between posted prices and checkout prices and for failing to post shelf prices on many products.

Each year DWM sends inspectors to stores throughout Arizona to verify that prices are posted and that shelf prices match checkout prices. A retailer fails an inspection when a store exceeds a 2 percent error rate. Over the five years at issue in the lawsuit, Wal-Mart failed more than half of the inspections conducted by DWM.

The lawsuit alleged that the violations involve more than scanning discrepancies at the cash register. They also include the failure to post prices for many products. When prices are not posted on the shelf, consumers are unable to compare prices or know if they are accurately charged when they check out.

Between 2001 and the time the lawsuit was filed in July 2006, DWM conducted 976 inspections of Wal-Mart stores throughout Arizona to determine compliance with Arizona law. The retailer failed a total of 526 DWM inspections, which included 366 price-posting violations and 160 price-scanning violations. After being notified of these violations, Wal-Mart was given opportunities to fix the problems.

Wal-Mart had the highest number of price-posting violations in the state at the time the lawsuit was filed. The \$450,000 in civil fines was also the most assessed against any retailer for pricing violations at that time. Since the lawsuit was filed, Wal-Mart has paid another \$304,000 in civil fines as a result of continuing to fail inspections by DWM.

For more information, contact Anne Hilby at (602) 542-8019.

###