



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

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

Alameda County District Attorney Nancy E. O'Malley announced today that the DA's Consumer Protection Unit, working with the San Diego, Santa Cruz, 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.

"Today is a victory for consumers everywhere. When consumers shop online, they need to do so with confidence that when a product is advertised as being a bargain, it truly is" said DA O'Malley. "This judgment is a reminder to online retailers that the law requires them to provide accurate information so consumers can make informed purchasing decisions. The District Attorney's Office and the Consumer Protection Unit is committed to holding 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 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 settlement, Amazon will pay a total of \$2 million in penalties, costs, and restitution to the state's Consumer Protection Trust Fund. The Alameda 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.

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