

March 29, 2005

## **BLOCKBUSTER VIDEO ADVERTISING “MISLEADING”**

BISMARCK – Attorney General Wayne Stenehjem today announced a multi-state agreement with Blockbuster Inc., to settle allegations that it misled consumers in advertising its “No Late Fee” program.

Stenehjem and 47 other Attorneys General claimed the company’s advertising campaign was misleading because it failed to clearly disclose that if a customer kept a game or video more than 7 days after its return due date, the customer’s credit card was charged the full price of the video, and after that, if the consumer wanted to return the video the consumer instead was charged a restocking fee when the item was actually returned.

Blockbuster began advertising “The End of Late Fees” and “No Late Fees” in December 2004, and the program started January 1, 2005. The program is available at all six North Dakota stores.

“This case is important because it reminds advertisers that they cannot use a catchy slogan or phrase if that slogan is misleading,” Stenehjem said. “Slogans can be misleading and violate the law if they do not fully and accurately describe the complete terms and conditions attached to the offer,” he warned.

Under the terms of the settlement, Blockbuster agreed that it will clearly disclose all fees and charges associated with rentals, and require any store not participating in the “No Late Fee” program to remove the advertising and promotional displays.

Blockbuster also agreed to provide, upon request, a one-time refund or credit to any customer who was charged the selling price or restocking fee for a rental item.

Consumers who feel they are entitled to a refund from Blockbuster because they did not understand the program can obtain the refund forms at any Blockbuster Video store or by writing to Blockbuster Video, 1201 Elm Street, Suite 2100, Dallas, TX 75270, Attention: Mr. Steve Krumholz. Refund requests must be made by April 28, 2005. Consumers with questions may contact the Attorney General’s Consumer Protection by calling 1-800-472-2600.

As part of the settlement, which Blockbuster entered into without any admission of wrongdoing, Blockbuster will pay the states a total of \$630,000 for attorney’s fees, costs of investigation and consumer protection.