



**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Office of Consumer Protection**

DCCA News Release

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**MAJOR MULTI-STATE SETTLEMENT WITH BLOCKBUSTER
OVER ALLEGED DECEPTIVE ADVERTISING**

HONOLULU – The Department of Commerce and Consumer Affairs (DCCA) today announced that Hawaii and 46 other states plus the District of Columbia reached agreement with Blockbuster Inc., to settle allegations that it misled consumers in the advertising of its “No Late Fee” program.

The multi-state investigation accused Blockbuster Inc.’s advertising campaign of misleading consumers because it failed to clearly and conspicuously disclose significant details relating to rental information for videos or games.

Blockbuster began advertising the “The End of Late Fees” and “No Late Fees” on December 15, 2004, with the program starting on January 1, 2005. Under Blockbuster’s “No Late Fee” program, consumers who rented a video or game and kept the item out for more than seven days after its return due date were charged for the selling price of the video.

“We are pleased with the outcome of the investigation,” said DCCA Director Mark Recktenwald. “The Department strives to protect consumers and deceptive advertising techniques will not be tolerated.”

“This is an important case because it sends a clear message to advertisers,” said Stephen Levins, executive director, Office of Consumer Protection. “Misleading slogans are a violation of the law. We hope this serves as a reminder that advertisers need to fully and accurately describe the complete terms and conditions attached to all offers,” Levins warned.

Under the terms of the settlement, Blockbuster has agreed that in future advertising for the "No Late Fee" program it will:

- Not represent directly in any of its advertising that there are no late fees or only limited late fees unless that representation is accompanied by a clear and conspicuous disclosure of the existence of any charges (including any rental fee, restocking fee, or charge associated with a rental transaction that has been converted to a sale).
- Advise consumers of any limitation on the stores participating in the offer.

Blockbuster also agreed that all stores will clearly and conspicuously display Blockbuster's policy for return of rental product and applicable charges if the product is not returned.

As part of the settlement, Blockbuster will pay the states involved in the settlement a total of \$630,000 for attorney fees and costs of investigation. Hawaii's share of the settlement is about \$13,000.

Blockbuster will provide a full refund or credit to consumers who participated in the "No Late Fee" program, but were still charged additional fees.

Blockbuster has asked its personnel to resolve refund requests on the spot if possible. Consumers who believe they are entitled to a refund may also put their request in writing and send it to:

Blockbuster
Attn: Mr. Steve Krumholz, Sr. Vice President
1201 Elm Street, Suite 2100
Dallas, TX 75270

Requests for refunds must be received by **April 28, 2005**, and must allege a failure to understand the "No Late Fee" program. Eligible customers are those who rented product after December 31, 2004 and prior to March 29, 2005. Consumers also may obtain complaint forms at all Blockbuster locations.

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