



PRESS RELEASE
(For Immediate Release)
March 6, 2014

**SAFeway INC. AGREES TO AN INJUNCTION AND PAYMENT OF \$2,250,000 IN FINES,
RESTITUTION AND OTHER COSTS TO SETTLE A CONSUMER PROTECTION ACTION**

Alameda County District Attorney Nancy E. O'Malley announced today that Safeway, Inc., has agreed to settle a civil law enforcement action in which it was alleged to have engaged in false advertising and unfair competition related to pricing discrepancies, among other issues. The action was brought by the Alameda County District Attorney's Consumer and Environmental Protection Unit and the District Attorney Offices of Marin, Fresno, Napa, Sacramento, Santa Cruz, Solano, Sonoma, and Ventura Counties. The judgment was signed by the Marin County Superior Court the Honorable Roy O. Chernus on March 5, 2014.

The Complaint alleges that within at least the last four years Safeway unlawfully charged consumers prices that were higher than its lowest advertised price, misrepresented the weight of Safeway-branded products, and made statements on in-store signage that conveyed the impression that certain produce was "locally grown" when in fact it had been sourced from outside of California.

The Complaint further alleges that Safeway failed to abide by the provisions of a 2008 injunction requiring it to initiate and maintain a program to minimize pricing discrepancies. The 2008 injunction required Safeway to adopt a price accuracy policy in which consumers who were overcharged for an item either received the item for free (if it cost less than \$5.00), or received a \$5.00 gift card if the item cost more than that amount. The Complaint alleges that Safeway failed to always honor or adequately notify consumers about this price accuracy policy.

Under the terms of the stipulated judgment, Safeway agreed, without admitting liability, to be bound by an injunction prohibiting it from: making any false or misleading statements; charging an amount greater than the lowest price posted on a commodity or on a shelf tag; failing to honor any valid Safeway coupons, discounts or offers; and failing to clearly and conspicuously disclose any inclusions, exceptions or limitations to any Safeway offers, coupons or discounts.

Safeway has also agreed to take significant measures to increase its price accuracy including, but not limited to: increasing the amount and visibility of store signage notifying consumers of the price accuracy policy; instituting training for employees on complying with the price accuracy policy; and hiring an independent third-party auditor to conduct annual audits of Safeway's compliance with certain injunction provisions.

The Final Judgment orders Safeway to pay \$2,250,000 in civil penalties, investigative costs and restitution.

"The Alameda County District Attorney's Office is dedicated to ensuring that businesses treat every consumer in a fair, legal and ethical manner," states D.A. O'Malley. "The collaborative work of the many D.A. Offices involved in this case was key to its successful resolution."

Contact: DDA Matt Beltramo
(510) 777-2237
matt.beltramo@acgov.org
Alameda County District Attorney's Office
Consumer and Environmental Protection Division
www.alcoda.org