



OFFICE OF THE
DISTRICT ATTORNEY
COUNTY OF SHASTA

Stephen S. Carlton
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**“COURT FINDS OVERSTOCK.COM ENGAGED IN FALSE ADVERTISING BY
OVERSTATING THE AMOUNT OF SAVINGS TO BE ENJOYED ON ITS
WEBSITE; ORDERS \$6,828,000.00 IN CIVIL PENALTIES”**

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FOR IMMEDIATE RELEASE
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The Shasta County District Attorney’s Office announced today that internet retailer Overstock.com was found liable under California’s Unlawful Business Practices and False Advertising Laws, following a trial before the Honorable Wynne S. Carvill of the Alameda County Superior Court. The prosecution of the case was jointly handled by a team District Attorneys’ Offices from: Shasta, Alameda, Marin, Monterey, Napa, Santa Clara, Santa Cruz, and Sonoma Counties. The Final Judgment was signed by Judge Carvill on February 20, 2014.

The matter originated in the summer of 2007 after a Shasta County resident saw a patio set for sale on Overstock.com for \$449.00. Overstock displayed on its website a comparison/reference price, which claimed that other retailers were charging \$999.99 for the same patio set. Believing to be getting a good deal and saving money, the individual purchased the patio set from Overstock. However, after delivery, he discovered a sticker on the patio table, which showed that the set was actually selling for \$247.00 at Wal-Mart.

The individual brought his grievances with Overstock to the Consumer Protection Unit of the Shasta County DA’s Office. After an investigation was conducted into the pricing practices of Overstock.com, a lawsuit was filed against the company in November 2010 in Alameda County, with the 8 DA Offices making-up the eventual prosecution team.

Trial commenced in early September 2013, where testimony was presented from consumers who were victims of Overstock’s pricing practices. The major issue at trial was Overstock’s use of “Advertised Reference Prices,” which they labeled “list price” or “compare at” on their website. Overstock frequently displayed an Advertised Reference Price in close proximity to its own sales price, often with also providing a purported discount to the consumer, labeled as “You Save” or “Save.” Evidence and testimony presented by the prosecution team at trial showed that Overstock engaged in practices to inflate Advertised Reference Prices to make it seem that consumers were getting a greater savings than they actually were receiving.

After trial was completed, the Court took the case under submission. The Court then found in its thorough 93-page Statement of Decision, that Overstock.com unlawfully displayed on its website Advertised Reference Prices that were: 1) created through the use of mathematical formulas; 2) based on similar products, instead of the actual product being offered for sale (without adequate disclosure to consumers); and 3) based on the highest possible price that could be found in the marketplace (again without adequate disclosures). “In sum,” the Court found in its decision that, “Overstock has consistently used [advertised reference prices] in a manner designed to overstate the amount of savings to be enjoyed by shopping on the Overstock site.”

By way of relief, the Court imposed injunctive terms requiring Overstock to more accurately display comparison prices and to make fuller disclosures to consumers. The Court, in addition to the injunction, imposed **\$6,828,000.00** in civil penalties, plus repayment of costs of suit allowed by law.

The matter was handled for Shasta County by Deputy District Attorney Anand “Lucky” Jesrani of the Consumer Protection Unit of the District Attorney’s Office.

Deputy DA Anand “Lucky” Jesrani said of the judgment, “We are very pleased with the result as it is a tremendous victory for all consumers.” Jesrani also said, “While consumers should of course be cautious in all transactions, they have a right to expect truthful advertising from businesses. The Court’s judgment of \$6.8 million in penalties and the injunction sends a clear signal that false advertising is unlawful and will not be tolerated.” Shasta County District Attorney Stephen S. Carlton said of the case, “Our office is committed to prosecuting violators of consumer protection laws. If necessary, we will litigate these cases through trial as these laws serve the important public interest of protecting consumers and law-abiding businesses.

Consumers in Shasta County who believe they are the victims of unlawful business practices are encouraged to contact the Consumer Law Division of the Shasta County District Attorney’s Office at (530) 245-6300.