



Missouri Attorney General

Attorney General's News Release

June 4, 2014

AG Koster announces Walgreens settlement

St. Louis, Mo – Attorney General Chris Koster today announced an agreement with Walgreens designed to prevent misleading advertising and overcharging consumers in its Missouri stores, resolving a lawsuit he filed against the company last summer.

"Last August, I announced a civil lawsuit against Walgreens for false, misleading, and deceptive retail pricing at their Missouri stores that led to the frequent overcharging of consumers," Koster said. "I pledged I would crack down on overcharging at Walgreens stores in Missouri until the day I leave office. Today, I am announcing a settlement with Walgreens that includes an independent auditor to monitor their stores for three years, until June, 2017."

The agreement, filed today in Jackson County Circuit Court, requires Walgreens to pay for an independent auditor, selected with approval of the Attorney General's Office, to audit at least 25 percent of its Missouri stores each quarter for the next three years. Specifics of the new auditing requirement include:

- Auditors will check at least 100 items in each store to determine if prices advertised on the shelf tags match the prices consumers are charged at the register.
- Each store audited must demonstrate at least a 98 percent pricing accuracy rate in order to pass the audit.
- Any store that does not pass an audit will be audited the next month. If a store does not pass in the second audit, it will be audited monthly until it attains at least 98 percent pricing accuracy for three months in a row.
- Walgreens will pay a penalty of \$1,500 for each store that fails its first inspection, \$3,000 for each store that fails a second inspection, and \$5,000 for each store that fails a third or subsequent inspection.

Customers can assist to ensure Walgreens complies, through the Consumer Vigilance Award program established in the settlement. Under the program:

- A consumer who is overcharged for an item that costs \$5 or less will receive the item for free.
- A consumer who is overcharged for an item that costs more than \$5 will receive a

Walgreens gift card worth \$10, plus receive the item at the lowest advertised price.

The Consumer Vigilance Award program begins as soon as the Court enters the consent judgment. Consumers can notify the clerk of the overcharge at the time they check out or they have 48 hours to show the receipt with the overcharge to a Walgreens employee at the store where they made the purchase. The settlement requires Walgreens to report the Vigilance Awards to the independent auditor on a quarterly basis.

"My Attorney General's Office intends to loudly, clearly, and publically let Missourians know each time a Walgreens store fails to meet the expectations of this agreement." Koster said. "My hope is that the combination of audits, financial penalties, and public shaming will give Walgreens executives a strong incentive to clean up their act."

Koster urges any consumers who do not believe Walgreens is fulfilling its obligations, including providing the Consumer Vigilance Awards as promised, to contact his Consumer Protection Hotline at 800-392-8222.