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AG Kaul, DATCP Secure Settlement with Menards Regarding Alleged Deceptive Rebate Advertising and Price Gouging

MADISON, Wis. – Attorney General Josh Kaul and the Wisconsin Department of Agriculture, Trade and Consumer Protection today announced a \$4.25 million multistate <u>settlement</u> with Menard Inc. d/b/a Menards, a home improvement retail chain. The settlement resolves claims that the company deceptively marketed its merchandise credit check program (commonly known as the "Menards 11% Rebate Program") and engaged in price gouging during the COVID-19 pandemic.

The States investigated a number of aspects of Menards's sales practices, including allegations that:

- The company's prolific use of "11% OFF" or "11% OFF EVERYTHING" advertising falsely claimed a point-of purchase discount, when Menards actually only offered an in-store merchandise credit for future purchases;
- Menards's advertised prices reflected an 11% discount, which wrongly implied that customers could realize a savings at the time of purchase;
- Menards failed to appropriately disclose the material limitations of the rebate program because the disclaimers were in small print and removed from the discount representation;

- Menards told customers that "Rebates International" is a separate entity responsible for its 11% off program, when it is part of the same company; and
- Menards engaged in price gouging during the COVID-19 pandemic by raising prices on four-gallon bottles of purified water at two locations in Wisconsin (Onalaska and Johnson Creek).

"Figuring out how much you'll have to pay to buy something should be straightforward," said AG Kaul. "It shouldn't be an adventure."

"This settlement reinforces a message in Wisconsin law: practices like deceptive marketing or price gouging during a declared period of abnormal economic disruption are unfair to consumers," said Randy Romanski, Secretary of the Wisconsin Department of Agriculture, Trade and Consumer Protection, which contributed to the investigation.

Under the terms of the settlement, Menards will incorporate the following into its advertising and sales practices:

- Not advertising or representing that any program that offers store credit for making purchases at Menards provides consumers with a point-of-purchase discount;
- Clearly and conspicuously disclosing material limitations of the rebate program and disclosing all applicable terms and conditions of the rebate program in a readily available manner;
- Investigating whether and to what extent it can offer a process by which consumers can safely and securely submit rebate application forms and receipts online;
- Investigating whether and to what extent it can offer a process by which consumers can safely and securely redeem their rebate for online purchases;
- Clearly and conspicuously disclosing that Menards is doing business as Rebates International;
- Allowing consumers at least one year from the date of purchase to submit a rebate claim;
- Updating their online rebate tracker with information about the rebate claim within 48 hours of the application being input into Menards' system;

- Updating their online rebate tracker with additional information about the rebate, including updates about returns affecting the rebate; and
- Not engaging in price gouging during a period of abnormal economic disruption.

As part of the settlement, the company will pay \$4.25 million to the multistate group. Wisconsin's portion of the settlement is over \$750,000 (Wisconsin DOJ, \$712,251.24; DATCP, \$43,200).

Joining AG Kaul in this settlement, which was co-led by Wisconsin, Minnesota, Illinois, and Iowa, are the attorneys general of Arizona, Kansas, Michigan, Nebraska, Ohio, and South Dakota.