



ATTORNEY GENERAL OF TEXAS GREG ABBOTT

Tuesday, November 24, 2009

Printer Friendly

Attorney General Abbott Resolves Enforcement Action Against Conn's Beaumont-based retailer agrees to \$4.5 million in restitution, reformed business practices

HOUSTON - Texas Attorney General Greg Abbott today resolved the state's enforcement action against Conn's, Inc. In May, Conn's was charged with failing to honor product warranties, misleading customers about the nature of its products, false advertising and other violations of the Texas Deceptive Trade Practices Act.

According to the state's enforcement action – and information contained in more than 3,500 customer complaints – the defendant unlawfully relied on aggressive and deceptive sales tactics to increase its extended service warranty sales for appliances, electronics and other products. The agreement reached today requires Conn's to reform its business practices and pay \$4.5 million in restitution for its customers.

"Just in time for the holiday shopping season, today's agreement fundamentally reforms how Conn's does business," Attorney General Abbott said. "Under its agreement with the state, Conn's must remedy its high pressure sales tactics, refrain from misleading customers about extended warranties, and fully honor the warranty agreements that it sells to customers. By redressing of improper conduct and setting aside restitution, this agreement benefits past, present and future Conn's customers."

According to state investigators, Conn's instructed sales personnel to rely on high-pressure tactics to "overcome objections" voiced by customers who declined to purchase extended warranties. The state's May enforcement action also indicated that Conn's failed to provide customers with a copy of the warranty agreement at the time of sale. As a result, purchasers were not adequately informed about exclusions, limitations, cancellation penalties and other provisions governing their warranty agreements.

In an agreement reached today, Conn's agreed to provide customers a copy of the extended warranty agreement at the time of sale. Conn's also must ensure that its sales personnel accurately represent rights, remedies or obligations contained in the extended warranty agreements.

Under today's agreement, Conn's must also refrain from adding extended warranty or credit insurance products to customers' invoices without their written consent. Extended warranty agreement provisions will protect existing customers because the agreement applies to both existing and future extended warranties.

The state's May enforcement action charged Conn's with failing to fulfill its warranty obligations. According to customer complaints obtained by the Office of the Attorney General, Conn's delayed repair appointments for weeks or even months, failed to repair items to working condition, ignored calls, and ultimately, refused to give refunds or replace the defective products. Today's agreement stipulates if a product fails within 72 hours of purchase or delivery to a customer's home, Conn's must replace the product with an identical or similar model. If the product fails at the time of delivery, the Conn's delivery team must remove the product and exchange it.

3/26/2010

Texas Attorney General

Finally, the agreement requires Conn's to compensate customers who were harmed by its unlawful content. As a result, Conn's must pay \$4.5 million to establish a customer restitution fund. Today's agreement also requires Conn's to pay \$250,000 in attorney's fees and \$100,000 to the University of Houston Consumer Law Clinic.

In the coming weeks, the Office of the Attorney General will review customer complaints and other data to determine how it will administer the restitution fund. Customers with questions should call (800) 252-8011 or visit the attorney general's Web site at www.texasattorneygeneral.gov.
