

*** NEWS RELEASE ***

DISTRICT ATTORNEY ANNOUNCES SETTLEMENT OF CONSUMER PROTECTION ACTION AGAINST WALMART AND JET.COM

FOR IMMEDIATE RELEASE

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Monterey County District Attorney Dean D. Flippo announced today that his office, in conjunction with 22 other District Attorney's Offices throughout California, resolved a consumer protection action against Wal-Mart Stores, Inc., Wal-Mart.com USA, LLC, and Jet.com, Inc., which is a subsidiary of Walmart (collectively, Walmart and Jet.com). The action was filed in Napa County Superior Court. The complaint alleges that Walmart and Jet.com advertised and sold plastic products in California that were misleadingly labeled as "biodegradable" or "compostable" in violation of California law. There are three Walmart stores in Monterey County, one in Marina and two in Salinas.

Beginning in 2004, the California Legislature enacted statutes under the Public Resources Code ("PRC") to limit the sale of plastics marketed as biodegradable, based in part on its recognition that the ability of plastic to biodegrade depends greatly on the environment in which it is placed. The lack of oxygen in landfills, for example, can significantly hamper the ability to biodegrade. Without thorough disclaimers, which are nearly impossible to include on consumer products, biodegradability claims are inherently misleading to consumers purchasing plastic products based on an assumption that the products will quickly biodegrade after disposal.

Accordingly, the PRC prohibits selling any plastic product labeled as "biodegradable," "degradable," or with language that otherwise implies that the product will break down in a landfill or other environment. The PRC also prohibits selling a plastic product labeled as "compostable" unless the product has met an established scientific standard designed to ensure the product will break down in municipal compost.

In accordance with the PRC and false advertising laws, the stipulated judgment prohibits Walmart and Jet.com from selling or offering for sale plastic products labeled as "biodegradable" "degradable" or "decomposable." Walmart and Jet.com are further prohibited from selling or offering for sale plastic products labeled as "compostable" without appropriate scientific certification that the products can be composted. Under the terms of the judgment, Walmart agreed to pay \$875,000 in civil penalties and make an additional payment of \$50,000 to CalRecycle to fund testing of plastic products marketed to consumers as compostable or degradable. Jet.com agreed to pay \$15,000 in civil penalties.

District Attorney Flippo said, "Consumers are often willing to pay a premium for products that claim to have environmental benefits. This judgment will help ensure that consumers are not misled into paying for environmental benefits they are not receiving."

Walmart, Jet.com, and their respective counsel worked cooperatively with the District Attorney's Offices to implement significant changes to their websites and to Walmart's stores in order to comply with California law, without admitting liability.