

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL
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Attorney General Helps Obtain \$95 Million National Settlement for Consumers in Suit against Retailer that Targeted Members of Military
Settlement Resolves Allegations against USA Discounters, Also Includes \$40 Million for States

WASHINGTON, D.C. – Attorney General Karl A. Racine announced today that he and attorneys general from 49 states have reached a \$95-million-plus consumer settlement with USA Discounters for deceptive marketing, sales and collections practices that targeted members of the United States military.

USA Discounters has, in the past, operated a chain of retail stores across the country that sold furniture, electronics, bedding, and appliances. The retailer targeted members of the military, and most of its 24 stores were located near military bases, including one store in the District. In August 2015, the company filed for bankruptcy and closed its stores.

The Attorneys General alleged that USA Discounters violated state and local consumer protection laws by making deceptive claims when selling its goods and using abusive debt-collection practices, including filing all of its collection suits in Virginia, where consumers were unlikely to defend, and filing lawsuits for debts that were barred under applicable statutes of limitations.

“All consumers deserve to be treated fairly by retailers -- but targeting the brave men and women of our armed services and their family members with deceptive practices is especially offensive,” Attorney General Racine said. **“Our office is here to protect all consumers, including active-duty members of our military, our veterans and their families.”**

Settlement Includes \$95 Million for Consumers, \$40 Million for District and States

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The settlement reached with the Attorneys General, which has been approved by the United States Bankruptcy Court, would provide more than \$95 million in debt relief to consumers. This includes an estimated \$4.6 million of relief for District consumers. USA Discounters also agreed to a \$40 million penalty to be paid to the investigating Attorneys General, of which the District's share is more than \$1 million. The penalty payment will be paid through the bankruptcy proceedings, which means all or a portion of the payment may be discharged by the bankruptcy court.

The settlement also contains injunctive terms that prohibit USA Discounters from:

- Filing collection lawsuits against consumers unless the suits are brought in the correct courts and in accordance with applicable statutes of limitations;
- Contacting third parties concerning a consumer's debt except for the limited purposes of ascertaining a consumer's contact information or requesting that a consumer contact USA Discounters; and
- Contacting a service member's chain-of-command to discuss the consumer's debt.

Consumers with complaints about USA Discounters or other consumer products or practices can call the Attorney General's Consumer Hotline at (202) 442-9828 or send an e-mail to consumer.protection@dc.gov.

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