

Video Rental Chain May Be Blockbusted For Deceptive Ads

By Reg P. Wydeven
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I'll never forget when the first video rental store in town opened up next to our neighborhood supermarket. My buddies and I were in junior high, and we'd save up our allowance and ride our bikes over to the video store to rent movies.

Since two of our friends' moms worked there, we never rented any R-rated movies or any of the movies in the little room behind the mysterious black curtain. Because there were only a few dozens movies at the store when it first opened that we could rent, we probably saw all of them. Due to the low number of movies, it would take my buddies and I a maximum of five minutes to pick out a movie. Today, movies are made in less time than it takes my wife and I to load up our family, head off to the store and finally agree on a flick.

Because that old video store was the only rental place in town, they didn't have to worry about much competition. Nowadays, however, would-be movie renters have countless options available to them for in-home theater viewing.

Cable and satellite TV companies offer hundreds of channels, including 37 different HBOs. Public libraries are stocking more videos and DVDs. Purchasing home videos is now more affordable than ever before. Finally, some movie watchers are surfing the web instead of renting movies, or they are now renting movies online.

Faced with all this competition, Blockbuster, Inc., the nation's largest movie rental chain, is taking a drastic step by eliminating late fees. Blockbuster launched a huge advertising campaign depicting thousands of people celebrating the end of late fees by flooding the streets and carousing more intensely than Red Sox fans after Boston won the World Series.

The problem is, customers are so upset about Blockbuster's new policy, they are storming the streets and rioting more intensely than Pistons fans after Detroit won the NBA Finals.

The attorney general offices of several states, including Blockbuster's home state of Texas, are investigating the no late fee promotion. In Florida, the attorney general's office is investigating whether the ads violate the Deceptive and Unfair Trade Practices Act because several stores in the Sunshine State are not participating in the promotion and are still charging late fees. Blockbuster's ads do say in small print at the bottom of the screen that the no late fee policy only applies in participating stores. However, fewer than half of the independently-owned Blockbusters around the country are actually participating in the no late fee promotion.

The New Jersey attorney general took it a step further by actually filing a lawsuit. The lawsuit claims Blockbuster's ads were deceptive because they failed to disclose key terms of the no late fee policy, namely, that if a movie or game is not returned after a one-week grace period, the customer is charged for the purchase of the item. If the item is returned within 30 days, though, the customer receives an account credit but is charged a restocking fee of up to \$4.50.

New Jersey is seeking restitution for Blockbuster customers whose overdue rentals were converted to sales, were charged restocking fees or charged late fees by a nonparticipating store. Further, the state is also seeking civil penalties of up to \$10,000 for each violation of its Consumer Fraud Act.

I miss the old days, where the only rule we had to worry about was the 'please be kind and rewind' policy.

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