

Connecticut Attorney General's Office

News Release

Blumenthal and Shiffrin Announce: DIRECTV TO PROVIDE UP TO \$12 MILLION IN RESTITUTION TO "\$200 CASH BACK" CUSTOMERS

January 21, 1998

California-based DIRECTV, Inc., a satellite broadcasting service, has agreed to pay up to \$12 million in restitution to consumers in Connecticut and 30 other states who pre-paid for a year of programming services, then were dissatisfied when DIRECTV changed the programming offered during that year, Attorney General Richard Blumenthal and Consumer Protection Commissioner Mark A. Shiffrin announced today.

The 4,342 Connecticut consumers who participated in DIRECTV's \$200 Cash Back Offer will be eligible for credits totaling approximately \$104,208. Under the \$200 Cash Back Offer, consumers who purchased a satellite system and prepaid for a year of certain programming services from DIRECTV received \$200 off either the purchase of the satellite system or the cost of the annual programming services. Some 500,000 consumers nationwide participated in the promotion.

Before all of the prepaid subscriptions had expired, DIRECTV removed some of the channels included in the prepaid subscriptions, and replaced them with other channels.

The settlement resulted from allegations that DIRECTV's advertising of the \$200 Cash Back Offer may have misled consumers into believing that they would receive the channels advertised for the length of their annual subscription.

"This new industry is using the old 'bait and switch' trick," Blumenthal said. "As satellite broadcasting services increase their market power and prowess over the viewing public, we need to assure that consumers get what they are promised, including services that are included in 'special deals.' "

"Because of sheer numbers of channels, service providers may think it's acceptable to change their offerings mid-contract," Shiffrin said. "Not so. We will demand that providers -- whether of cable or other transmissions -- live up to the full terms of the contract they've

entered into with consumers. The only acceptable changes are those consumers know about and have consented to."

The channels that were removed were Encore movie channels, and they were placed in a separate, more expensive program package entitled Total Choice Plus Encore. Any consumers who wanted to keep the Encore movie channels were required to pay an additional \$4.00 per month.

As part of the settlement, any consumers who were unhappy with the programming changes made by DIRECTV are entitled to receive the Encore movie channels for free for the remainder of the time they had left on their annual subscription when DIRECTV made the programming changes in April, 1997. Eligible consumers who cancelled the service may receive \$4.00 for each month that they had left on their annual subscription at the time of the changes. The company is required to mail notices of the settlement on February 5, 1998, to eligible consumers with instructions on what they need to do to receive restitution.

DIRECTV has also agreed not to make such programming changes in the future with respect to consumers who have pre-paid for a year of programming services in response to advertisements or offers made by DIRECTV without providing those consumers with the opportunity to cancel their subscription for a pro-rated refund of the amount paid for the subscription.

The State will receive \$28,000 of the \$812,000 multi-state settlement amount to cover the costs of its investigation. The other states participating in this agreement include Arizona, Arkansas, California, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Vermont, and West Virginia.

Blumenthal and Shiffrin commended Assistant Attorney General Roger Reynolds for his work on the settlement.

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