

**Attorney General James And
Consumer Financial Protection
Bureau Announce \$11 Million
Settlement With Sterling Jewelers
(D/b/a Kay Jewelers And Jared)**

NEW YORK – Attorney General Letitia James and the Consumer Financial Protection Bureau today announced an \$11 million settlement with Sterling Jewelers Inc. (“Sterling”) (doing business as Kay Jewelers, Jared The Galleria of Jewelry, and several other brands). The settlement resolves an investigation that revealed that Sterling signed consumers up for store credit cards without the consumers’ knowledge or consent. Sterling also enrolled consumers in a credit insurance product without consumers’ knowledge or consent and

misrepresented the terms of the store cards. Pursuant to the settlement, Sterling will pay \$11 million in penalties.

“By tricking consumers into enrolling in store credit cards, Sterling Jewelers betrayed customers’ trust and violated the law,” said **Attorney General Letitia James**. “This settlement holds the company accountable for its misconduct and ensures that no more consumers are deceived.”

Sterling is based in Ohio and operates approximately 1,500 jewelry stores, including around 130 stores in New York.

Sterling offers a store-branded credit card that can be used only at Sterling stores. Sterling imposed store card enrollment quotas on employees and based employee performance reviews and compensation on the quotas, creating intense pressure on employees to enroll consumers in store cards.

Sterling employees used a variety of tactics to deceive consumers into enrolling in store credit cards. In some cases, employees induced consumers to provide personal information by purporting to enroll consumers in a “rewards program” or discount program. In reality, sales representatives used the personal information to complete and submit credit card applications. Consumers often did not find out that they had applied for a card until they noticed an unexplained inquiry on their credit report or received the card in the mail.

In addition, when consumers knew they were applying for credit, Sterling employees misrepresented the terms of the store credit cards. Sterling employees told consumers that they were being enrolled in a “no interest” promotional financing plan, when in reality they were signed up for a plan that included monthly financing fees.

Finally, Sterling enrolled consumers in credit insurance offered in connection with the store credit cards without consumers' knowledge or consent. In many cases, consumers did not find out that they were enrolled in credit insurance until they noticed fees for the product on billing statements.

This matter was handled for Attorney General James by Special Counsel Carolyn Fast of the Consumer Frauds and Protection Bureau under the supervision of Laura J. Levine, Deputy Bureau Chief of the Consumer Frauds and Protection Bureau, and Jane M. Azia, Chief of the Consumer Frauds and Protection Bureau.

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