

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Deborah Platt Majoras, Chairman
Pamela Jones Harbour
Jon Leibowitz
William E. Kovacic
J. Thomas Rosch**

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In the Matter of)	
)	
DARDEN RESTAURANTS, INC.,)	
)	DOCKET NO. C-
GMRI, INC., and)	
)	
DARDEN GC CORP.,)	
corporations.)	
_____)	

COMPLAINT

The Federal Trade Commission, having re

5. Since at least 2001, respondents have advertised, offered for sale, sold, and distributed gift cards through Darden's restaurants and Web sites, and third parties. Respondents have also advertised their gift cards in television and radio advertisements.

6. Respondents' gift cards are plastic, stored-value cards, similar in size and shape to credit or debit cards, often branded with one or more of Darden's restaurant logos. Respondents' gift cards typically can be used to purchase goods or services at any of Darden's restaurant locations.

7. Respondents have represented that consumers can redeem respondents' gift cards for goods or services of an equal value to the monetary amount placed on the cards. Respondents have promoted their gift cards as "perfect for any budget – in amounts from \$5 to \$250." Respondents have sold their gift cards in specific denominations for exact amounts (*e.g.*, a \$25 Olive Garden Gift Card costs \$25, etc.), and respondents' gift cards are often branded with monetary amounts on the front of the cards. Additionally, respondents have claimed that their gift cards can be used like gift certificates, which typically are redeemable for the monetary amount specified on the certificates.

8. In numerous instances, respondents have applied a fee that depletes the value of their gift cards over time and, in some instances, renders the cards worthless. For gift cards sold prior to February 2004, after 15 consecutive months of non-use, respondents deducted a monthly fee of \$1.50 (hereinafter, "dormancy fee" or "fee") until the consumer used the card again. For gift cards sold after February 2004, respondents deducted the fee after 24 consecutive months of non-use.

9. In numerous instances, respondents have failed to disclose or failed to disclose adequately the dormancy fee by, among other practices:

- a. Disclosing the dormancy fee in small print (approximately five point font) on the back of the gift card, obscured by miscellaneous other information (*see Attachment A*);
- b. Marketing a transparent (or clear-colored) Red Lobster Gift Card with a red lobster design on the front of the card that further obscures the dormancy fee disclosure on the back (*see Attachment B*);
- c. Marketing their gift cards in Darden's restaurants and failing to direct consumers' attention to the dormancy fee disclosure on the back of their gift cards or otherwise notifying consumers of the dormancy fee. For example, respondents provide restaurant patrons with drink coasters and table tents that operate as gift card order forms. Consumers fill in the forms with the quantity and dollar amount of the gift cards they wish to purchase, and the server then adds the charge to the

consumer's restaurant bill. In numerous instances, these materials do not contain any disclosure