



For Immediate Release
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**MADIGAN ANNOUNCES NATIONWIDE SETTLEMENT WITH
TIME, INC. OVER AUTOMATIC RENEWAL OFFERS AND MAIL
SOLICITATIONS**

ILLINOIS CONSUMERS TO RECEIVE MORE THAN \$275,000

Chicago – Attorney General Lisa Madigan today announced that she has joined Attorneys General and consumer advocates from 22 other states in reaching a settlement with Time Inc. over allegations the publishing giant misled consumers by automatically renewing magazine subscriptions and then aggressively collecting on bills.

As a result of the settlement, Time Inc. will refund up to \$4.3 million to consumers, including \$278,823.26 in restitution to approximately 6,640 Illinois consumers.

The settlement is the result of an investigation led by a group of Attorneys General into Time Inc.'s marketing and billing practices. The multi-state group specifically investigated the magazine publisher's automatic renewal offers, billing and collection procedures and solicitations that appeared to be official invoices.

“Consumers should never be tricked into purchasing something they don't want,” Madigan said. “I am pleased that as a result of this multi-state investigation and settlement, Time Inc. has agreed to use clear marketing practices in selling its magazines to consumers.”

The group investigated complaints that Time Inc. was billing consumers or charging their credit cards for unwanted magazine subscriptions. Beginning in 1998, Time Inc. broke with the long-standing industry tradition of limited-term subscriptions that are renewed at the customer's option at the end of the subscription term. In its place, and without adequately informing customers of the change, Time Inc. initiated an automatic renewal method that required the customer to cancel the subscription if the renewal was not wanted. This practice generated significant consumer confusion and numerous complaints.

The states also investigated complaints that Time Inc. mailed solicitations that appeared to be invoices and lacked the conspicuous disclosures required by law. The multi-state group concluded that Time Inc.'s practices misled some consumers into paying for unwanted or unordered subscriptions.

As part of today's settlement, Time Inc. has agreed to provide clear and conspicuous disclosures to consumers concerning all of the material terms for automatic subscription renewals. For the next five years, consumers will have the opportunity to affirmatively indicate whether they want the automatic renewal option. Before the end of the subscription period, Time Inc. will send customers written reminders of the automatic renewal, their right to cancel the subscription and the procedure for cancellation.

In addition, Time Inc. has agreed to honor all requests to cancel subscriptions as soon as reasonably possible. If customers are charged for magazines they did not order, Time Inc. has agreed to refund the subscription price.

Finally, Time Inc. has agreed not to mail solicitations for subscriptions that resemble bills, invoices or statements of accounts due. In addition, Time Inc. will not submit unpaid accounts of automatic renewal customers for third party collections.

Time Inc. will refund \$4.3 million to more than 108,000 eligible consumers who made payments for magazine subscriptions that were automatically renewed between 1998 and May 2004. In Illinois, 6,641 consumers may be eligible for refunds totaling \$278,823.26.

Within the next three months, Time Inc. will send state-approved refund letters and claim forms directly to consumers who may be eligible. The letters will explain the settlement and contain instructions on how to apply for refunds. As Time Inc. will be identifying eligible consumers from their records, there is no need for consumers to contact the Attorney General's office to qualify for a refund. Consumers should look for an envelope from Time Inc. that says "REFUND OFFER ENCLOSED."

Under the agreement, Time Inc. also has agreed to pay \$4.5 million for the costs incurred by the states in investigation and negotiation.

In addition to Illinois, the states participating in this settlement agreement are Alaska, California, Delaware, Florida, Hawaii, Iowa, Maine, Maryland, Michigan, Missouri, Nevada, New Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, West Virginia and Wisconsin.

Assistant Attorney General Karen Winberg-Jensen is handling the case for Madigan's Consumer Protection Division

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