

Press Releases

October 10, 2013

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**MADIGAN, STATES ANNOUNCE \$30 MILLION SETTLEMENT FOR MISLEADING ADVERTISING**

*Settlement Resolves Claims of Deceptive Enrollment in Discount Clubs and Memberships*

**Chicago** — Attorney General Lisa Madigan today joined with 47 other attorneys general to announce a \$30 million settlement with a Connecticut-based marketing firm, Affinion Group, over allegations it deceived consumers into signing up for discount clubs and memberships they never wanted or in many cases even knew about.

An investigation by Madigan and the states revealed that Affinion used its many retail partners to often surreptitiously sign consumers up for discount clubs and membership programs offering a variety of services, including credit monitoring, roadside assistance and discounted travel deals. Consumers were often unaware they had been enrolled in the programs until they noticed costly charges on their credit card bills.

“We received hundreds of complaints from consumers who believed they were signing up for a free trial but later discovered charges on their credit card bills,” Madigan said. “Consumers should be wary of any offer disguised as a free trial. It is also important to take the time every month to scrutinize your credit card statement to ensure you are not being charged for something you never wanted.”

Affinion and its subsidiaries market its clubs and memberships through a series of agreements with “marketing partners,” which are well-known and popular banks and retailers that present the offers to consumers often immediately after the consumer has made a purchase with the bank or retailer. Affinion’s programs are also marketed to consumers in direct mail, online or in telemarketing calls. Each program comes with a monthly fee to consumers, which continues until the consumers affirmatively cancel.

Consumers targeted by Affinion and its partners, many whom are seniors, often first learned of their enrollment in a club or membership when they noticed an unrecognized charge on their credit card. The charges generally appeared soon after an online or direct mail purchase where consumers were offered a free trial, coupons or gift cards to try out various discount programs by Affinion. Many consumers who opted to take the offer thought that because they hadn’t provided payment information again, they were not making a purchase. But unless consumers took steps to cancel, they were actually purchasing a membership because encrypted payment information from their initial purchase was transferred from the retailer to Affinion. Affinion billed consumers after an initial trial period unless consumers took steps to cancel.

Consumers who reported complaints to Madigan’s office and the other states said that Affinion charged them for services without their authorization or knowledge. Once they learned of the charge, some consumers had difficulty canceling and obtaining a refund.

The investigation into Affinion’s marketing practices found the company repeatedly misled consumers by failing to disclose Affinion’s identity and the cost and ongoing nature of the charges. The states found troubling marketing practices, including live check solicitations, where consumers were sent a direct mail offer that looks identical to a check that when deposited authorized Affinion to enroll the unknowing consumer in membership programs and to bill them every month indefinitely. The states also found that Affinion used online data pass offers, which consumers were presented with immediately after an online purchase from a retailer. Affinion used the online offers to enroll and bill consumers without ever acquiring their banking information because the retailer, its marketing partner, would pass the consumer’s financial information to Affinion.

Under today's settlement, those practices are prohibited. Affinion must also provide clear and detailed information to consumers after enrollment regarding their membership, including periodic reminders of their enrollment and any changes to Affinion's cancellation practices.

As part of the agreement, Affinion has established a fund of approximately \$19 million to provide refunds to some consumers who received unauthorized charges for Affinion's programs. Consumers who believe they were improperly charged by Affinion and have not yet filed a complaint should contact Madigan's Consumer Fraud Hotline at (800) 386-5438. Consumers checking their credit card and bank account statements should also be looking for the names of Affinion's membership programs to determine if they have been charged.

Joining Madigan in today's settlement were attorneys general from the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

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