



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
Office of Consumer Protection

## DCCA News Release

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### **HAWAII REACHES A MULTI-MILLION DOLLAR SETTLEMENT WITH TIME, INC. CONCERNING AUTOMATIC RENEWAL OFFERS AND MAIL SOLICITATIONS**

HONOLULU – Stephen Levins, executive director of the State Office of Consumer Protection (OCP) announced today that Hawaii has joined with 22 other states in reaching an \$8.8 million settlement with Time, Inc.

As a result of the settlement, Time, Inc. will refund up to \$4.3 million to consumers and pay \$4.5 million to the States for their costs and fees. Hawaii consumers will receive approximately \$43,853.86 in refunds and the state will receive \$75,000 for attorney's fees, costs, consumer education and other consumer protection purposes provided for under state law.

The settlement resulted from the States' investigation into Time's marketing and billing practices. The investigation looked at complaints that Time was billing or charging consumer credit cards for unwanted magazine subscriptions. These complaints arose when Time 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 initiated an automatic renewal method that required the customer to cancel the subscription. This practice generated significant consumer confusion and numerous complaints.

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

"We are pleased with the outcome of this case," said DCCA Director Mark Recktenwald. "Marketing practices may be evolving to keep up with increased competition in today's marketplace, but fairness to consumers cannot be compromised."

“Clear disclosure is a basic principle of consumer protection. We will continue to ensure that consumers receive clear purchasing information and are not misled into paying for unwanted products,” explained OCP Executive Director Stephen Levins.

Time, Inc. denied the States’ allegations but agreed to provide clear and conspicuous disclosures to consumers concerning all of the material terms for automatic subscription renewals.

As part of the settlement agreement:

- Consumers will have the opportunity to clearly indicate whether they want the automatic renewal option.
- Before the end of the subscription period, Time will send customers written reminders of the automatic renewal, their right to cancel the subscription and the procedure for cancellation.
- Time will honor all requests to cancel subscriptions.
- If customers are charged for magazines they did not order, Time will refund the subscription price.
- Time will not mail solicitations to consumers for subscriptions that resemble bills, invoices or statements of accounts due.
- Time will not submit unpaid accounts of automatic renewal customers for third party collections.

More than 108,000 consumers are eligible for refunds in this settlement. In Hawaii, approximately 1,027 consumers may be eligible for refunds totaling \$43,853.86.

Within the next three months, Time will be sending 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 will be identifying eligible consumers from their records, there is no need for consumers to contact the State of Hawaii Office of Consumer Protection to qualify for a refund. Consumers should look for an envelope from Time that says “REFUND OFFER ENCLOSED.”

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