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Michigan Consumers Will Receive More Than \$210,000 from Cox Settlement with Time Inc.

Settlement Stems from Automatic Renewal Offers and Mail Solicitations

LANSING – Attorney General Mike Cox announced today he has joined with 22 other Attorneys General in reaching a settlement with Time Inc. As a result of the settlement, Time Inc. will refund up to \$4.3 million to consumers nationwide and will pay \$4.5 million to the states for their costs and fees. Consumers in Michigan will receive approximately \$210,855.47 in refunds and the State of Michigan will receive \$75,000.

“Billing consumers for unwanted products will never be acceptable,” said Cox. “My office will continue to be vigilant to ensure that consumers receive clear and adequate purchasing information and are not unfairly charged for products they do not want.”

The settlement resulted from the states' investigation into Time's marketing and billing practices concerning automatic renewal offers, billing and collection procedures, and solicitations in the form of invoices.

The states investigated complaints that Time was billing consumers or charging their 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 requires the customer to cancel the subscription if a renewal is not wanted. 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.

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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. 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 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 as soon as reasonably possible. 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. In addition, Time will not submit unpaid accounts of automatic renewal customers for third-party collections.

Time 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 Michigan, approximately 5,192 consumers may be eligible for refunds totaling over \$210,000. 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 Attorney General's office to qualify for a refund. Consumers should look for an envelope from Time that says "REFUND OFFER ENCLOSED."

Cox has been an ardent defender of Michigan's consumers since taking office. In just three years, Cox's Consumer Protection Division has recovered more than \$31 million.

For more information, contact Rusty Hills or Nate Bailey, Attorney General's Office, at (517) 373-8060.