



## NEWS RELEASE

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### **States Announce \$30 Million Settlement and Consent Judgment Against Affinion**

PIERRE, S.D - Attorney General Marty Jackley joins 46 other states and the District of Columbia today to announce that Affinion, and its subsidiaries Trilegiant and Webloyalty, will pay over \$30 million to settle allegations that they misled consumers into signing up and paying for discount clubs and membership. The state of South Dakota will receive at least \$250,000, and our consumers adversely affected will receive additional refunds. \$150,000 of the state's proceeds will go to the Statewide Automated Victim Information and Notification (SAVIN). The South Dakota SAVIN Program is an automated service that provides crime victims with vital information and notification 24 hours a day, 365 days a year. This service is expected to allow victims to obtain offender information and to register for notification of a change in offender status.

"Marketing practices that deceive and hurt innocent consumers will not be tolerated," stated Attorney General Jackley. "This settlement is designed to stop deceptive practices, provide refunds to consumers, and assist in providing services to future crime victims."

Affinion and its subsidiaries run multiple discount clubs and membership programs offering a variety of services such as credit monitoring, roadside assistance, and discounted travel. Affinion markets these programs through a series of agreements with "marketing partners" – well-known banks and retailers that present these programs to consumers often immediately after the consumer has engaged in a transaction with that partner. Affinion's programs are marketed via direct mail, online, telemarketing, and in face-to-face point of sale transactions. Affinion charges a monthly fee to consumers for these services, which continues until the consumers affirmatively cancel.

Consumers complaining to the States have alleged that Affinion charged them for services without consumers' authorization or knowledge, and, once consumers learned they were being charged, some further had trouble canceling or getting a refund. Other consumers were confused about who Affinion even was because the offers looked like they came from Affinion's marketing partners, which usually were banks or retailers with which the consumers did business.

The States' investigation uncovered several of Affinion's marketing practices that misled consumers, including a lack of clear and conspicuous disclosure about Affinion's identity, and the cost and ongoing nature of the charges. Most troubling were two marketing practices of Affinion – live checks and online data pass. In a live check solicitation, consumers were sent via direct mail an offer that appeared to be a

check – but when consumers endorsed and deposited the checks, the consumers unknowingly authorized Affinion to enroll them in membership programs, and to bill them each month indefinitely. In an online data pass offer, consumers were presented an Affinion offer immediately after an online purchase from a retailer. Affinion was then able to enroll and bill consumers without acquiring any of their account information because the marketing partner would pass that information to Affinion.

Affinion is establishing a fund of approximately \$19 million to provide refunds to some consumers who received unauthorized charges for Affinion's programs. See list attached for all the programs that Affinion operates that qualify for this settlement. This list is also on the Consumer Protection website. South Dakota consumers who believe they were improperly charged by any of these programs can file a consumer complaint by calling the Attorney General's Consumer Protection Division at 1-800-300-1986 or [consumerhelp@state.sd.us](mailto:consumerhelp@state.sd.us). **Consumers who have not already submitted a complaint form have 120 days to submit a complaint to the South Dakota Attorney General's Office, Consumer Protection Division.** The complaint form can be found at <http://atg.sd.gov/Consumers/HandlingComplaints/ConsumerComplaintForm.aspx>.