



For immediate release - Monday, May 15, 2006.

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## Miller Sues MemberWorks, Inc.

**A.G. alleges company (now known as Vertrue, Inc.) employed sales practices that resulted in consumers' credit cards being charged -- often repeatedly -- for memberships consumers did not know they had, and that the company did not comply with Iowa's Buying Club law.**

**DES MOINES.** Attorney General Tom Miller has filed a [consumer fraud lawsuit in Polk County District Court](#) against Vertrue, Inc., which sells a variety of buyers-club membership programs across the U.S. and Canada. The company would be known to most consumers as MemberWorks or MWI.

Miller said: "The suit concerns a marketing scheme in which consumers' credit cards and bank accounts are charged for memberships in so-called discount buying programs - even though many consumers don't know they are members, are not aware that they are being charged yearly or monthly membership fees, and make no use whatsoever of the so-called membership benefits."

The lawsuit alleges that MemberWorks failed to conform its membership sales practices to the requirements of Iowa law, in particular the Buying Club Memberships Law. "That law contains several safeguards to ensure that important commitments are set forth in writing, and that consumers are notified of their right to cancel membership purchases," Miller said.

MemberWorks offers a variety of "membership" programs that purport to provide discounts or savings on things such as home improvement items, entertainment activities, dining out, fashion and fitness products, and consumer items such as clothes, jewelry, books and music.

"We allege that many consumers got into unexpected and unnoticed charges when they were offered so-called 'free-trial-offer' sales pitches," Miller said. The suit alleges that one of MemberWorks' primary methods of selling membership programs begins when a consumer makes a telephone call for a totally-unrelated purpose, such as a call to a credit card company's customer service department, or a call to order a product advertised on a TV infomercial. Before hanging up, the consumer unexpectedly receives a sales pitch for a "risk-free membership" of some kind. If the consumer accepts the membership on a free trial basis -- but then fails to affirmatively cancel the membership at the end of the trial period -- the consumer's credit card is charged.

Miller said that some consumers don't anticipate or look for any charge, in part because they never provided their credit card number to purchase the membership; MemberWorks obtained the credit card number from the "partner" business that the consumer called in the first place.

"We have seen cases where consumers paid hundreds of dollars, spread across several credit card bills, for membership programs they didn't use, and didn't even know they had," he said. "By requiring MemberWorks/Vertrue to comply with our Buying Club Memberships Law, we hope to put an end to these unwanted and unexpected charges, which busy

consumers too often pay without realizing it."

Consumers' credit card or bank accounts most often showed debits to "MWI," or "ap9" and one of the "club" names, including HomeWorks, Simple Escapes, Connections, Essentials, or Leisure Advantage. (So, a typical debit might indicate a charge was to "MWI Essentials.")

The lawsuit described an effort by the Consumer Protection Division to survey about 400 Iowans who were listed as paying members of a MemberWorks/Vertrue membership program. Of 400 mailed questionnaires, 88 were returned. Of those responses, 67 % indicated that the consumers were not even aware that they were members of the programs they were paying for. Most of the rest of the consumers who responded indicated that they had never used their memberships, or thought that they had already cancelled. None of those responding said that they were satisfied members.

The Buying Club Memberships Law requires covered memberships to be sold through written contracts that expressly notify the customer of a three day right to cancel, and that require the customer's signature. Membership buyers also must be provided "Notice of Cancellation" forms that they can use to cancel the transaction within three business days, and avoid any obligation.

"We believe that application of the existing Buyers Club Memberships Law can help many consumers avoid these pitfalls and such unnoticed and unwanted charges," Miller said.

The lawsuit was filed Friday at Polk County District Court. Vertrue/MemberWorks is located in Stamford, CT.

### **Beware of "Free Trial Offers"**

Miller said consumers should [be wary of "free trial offers"](#) that may turn into automatic monthly or annual charges for memberships or products or services without them even knowing it.

Consumers may accept a free trial of some kind, assuming they will have to provide a credit card number later if they decide to sign up. But solicitors may already have credit card or checking account numbers from other sources, and billing could begin without the consumer knowing it.

#### **Here are tips to avoid the problem of unwanted charges resulting from free trial offers:**

- [Be very wary of "free" trial offers.](#) Get the details: Will you be billed automatically if you don't cancel? By when must you cancel? How do you cancel? Will you receive a mail notice? Remember, they already may have your bank or credit card number to charge you.
- [Examine your credit card bill every month,](#) and also your checking account and phone bills. Watch for unauthorized charges -- and dispute them at once, in writing.
- [Try to watch your mail carefully.](#) Some mailings notifying you that you will be billed unless you cancel may look like "junk mail."
- [Beware of cashing a check that comes in the mail with a "free trial offer"](#) - the fine print may obligate you to future payments.-

For more information or to file a complaint, contact the Attorney General's Consumer Protection Division, Des Moines, Iowa 50319. Call 515-281-5926, or 888-777-4590 (toll-free.) The Attorney General's web site is: [www.iowaAttorneyGeneral.org](http://www.iowaAttorneyGeneral.org).

