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**MULTI-MILLION DOLLAR CONSUMER PROTECTION SETTLEMENT ANNOUNCED IN
AUTOMATIC-RENEWAL CASE**

Guthy-Renker LLC, one of the world's largest direct marketing companies, which sold *Proactiv Acne* and *Wen Hair* products, has agreed to change its websites and sales practices to protect California consumers. The El Segundo-headquartered company also will pay \$1.2 million in penalties and up to \$7.3 million in restitution to customers who got automatically-renewed charges without their consent.

The terms are part of a final court judgment negotiated with a task force of prosecutors that included the Santa Cruz County District Attorney's Office, District Attorney's Offices of Santa Clara, Los Angeles, San Diego Counties, and the Santa Monica City Attorney's Office. The task force learned that Guthy-Renker was allegedly charging its customers for repeated shipments of *Proactiv* and *Wen* products, without their prior consent as required by law.

"Automatic renewal is one of the areas in consumer protection where companies take advantage of consumers' bank accounts and credit cards without their knowledge," said Santa Cruz County District Attorney Jeff Rosell. "Consumers always have the right to know they are going to be subject to continuous charges."

The judgment requires Guthy-Renker to have full transparency with consumers about automatically renewing payments. The company now must:

- Conspicuously disclose automatic-renewal terms;
- Get consumers' explicit consent for renewals, through a separate check-box;
- Send consumers a clear summary of the auto-renewal terms after they pay; and
- Allow consumers to easily cancel the subscriptions.

Guthy-Renker will pay restitution to customers who were re-charged at least once without their consent: *Wen* customers charged after May 2012, and *Proactiv* customers charged between July 2014 and August 2016.

The judgment was filed in Santa Clara County Superior Court on February 1, 2019. Online "subscriptions" and other automatically recurring charges have proliferated in the U.S. in recent years. Some renewals come after "free trials," where consumers need to cancel in time to avoid the charges. Federal and state law requires businesses to make these automatic renewals clear to consumers, and to get their "express, affirmative consent" – before collecting any money. However, many businesses still don't follow this law.

Guthy-Renker is the latest in a series of judgments against leading online companies brought by California prosecutors, resulting in penalties, restitution, and injunctions:

- In October 2018, the same task force, obtained a \$1.5 million Judgment against Spark Networks, the parent company of dating websites *JDate* and *ChristianMingle.com*, for similar automatic-renewal violations in California.
- In August 2018, another task force of California prosecutors led by Santa Cruz District Attorneys Douglas Allen and Edward Browne, obtained a \$1.8 million judgment against the gym company, *Fitness Evolution*.
- In January 2018, another task force of California prosecutors, led by Santa Cruz Assistant District Attorney Douglas Allen obtained a \$2.2 million judgment against *eHarmony*, one of the nation's most popular dating websites, for violating the automatic-renewal laws.