

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

STATE OF IOWA ex rel.
THOMAS J. MILLER,
ATTORNEY GENERAL OF IOWA,
99AG25112

Plaintiff,

v.

VERTRUE, INCORPORATED,
(formerly known as MEMBERWORKS, INC.),
a Delaware corporation,

Defendant.

Equity No. EQ 53486

PETITION IN EQUITY

The State of Iowa ex rel. Attorney General Thomas J. Miller, through Assistant Attorney General Steve St. Clair, states as follows for its cause of action. Actions attributed to Vertrue, Incorporated (“Vertrue”) shall be interpreted to include those of its predecessor MemberWorks, Incorporated and entities under the direct or indirect control of Vertrue, unless the context otherwise requires.

INTRODUCTION

1. This lawsuit concerns a marketing scheme in which the credit cards and bank accounts of consumers are charged for memberships in discount buying programs, even though the consumers don’t know they are members, aren’t aware that they are being charged membership fees, and don’t make any use whatsoever of the supposed benefits of membership.

2. Vertrue Incorporated is a Delaware corporation that markets a variety of membership programs to residents of Iowa from its headquarters in Stamford, Connecticut. The membership

programs vary, and include programs that offer savings on home improvement purchases, health products, and entertainment expenses. In marketing its memberships, Vertrue does not comply with Iowa's Buying Club Memberships Law (see below), which requires certain written notices to consumers and provides other consumer protections. The Attorney General contends that much if not all of Vertrue's marketing of memberships to Iowans is subject to the Buying Club Memberships Law, that Vertrue's past non-compliance gives rise to certain remedies under the law, and that Vertrue should be ordered to comply with the law in connection with any future Iowa marketing.

3. Many Iowans whose credit cards are charged periodically by Vertrue are unaware that they are members of the programs in question. As a result, a number of consumers pay such charges, sometimes repeatedly over extended periods, without realizing that they are paying for a membership program and without using any of the membership services for which they are paying. This anomalous situation evidently arises from the way Vertrue markets some of its memberships, namely by "partnering" with other businesses in order to make unsolicited "free trial" sales pitches to consumers who had telephoned those businesses for a reason wholly unrelated to becoming a member in a Vertrue program. For example, a consumer calling to order an item advertised by a different company in an infomercial or catalog may receive an unanticipated "pitch" for a Vertrue membership, charges for which later appear – unexpectedly, for many consumers – on the consumer's credit card statement or bank statement.

4. Ideally, consumers should carefully monitor each credit card bill and bank statement and object to unauthorized charges. However, some consumers may be too trusting or too distracted to take the time to ferret out irregularities, or may assume that an unexpected charge

was incurred by another member of the household. The fact that many consumers may sometimes let down their guard should not make them fair game for marketing schemes that exploit such lapses, whether through design or happenstance, particularly since some of the consumers being exploited are elderly Iowans to whom the law grants special protections in the consumer fraud context. *See* Iowa Code § 714.16A.

5. The Attorney General contends that by ensuring that Vertrue complies with the Buying Club Memberships Law Iowa consumers can receive important notices and other protections likely to keep them from inadvertently paying for unwanted and unused membership programs.

VENUE

6. Venue is proper in Polk County, Iowa, because Defendant has engaged and, upon information and belief, continues to engage in the activities that are the subject of this Petition in Polk County, Iowa. Moreover, upon information and belief Defendant does business in Polk County and one or more victims of the practices in question reside in Polk County. Iowa Code § 714.16 (10) (2005).

PARTIES

7. The Iowa Attorney General is authorized to bring this action on behalf of the State of Iowa by Iowa Code §§ 714.16 (7) and 714.16A (1) (2005).

8. Vertrue Incorporated was incorporated in the State of Delaware in 2004. Originally incorporated in 1996 as MemberWorks, Incorporated (“MemberWorks”), the company had done business from 1989 to 1996 as Card Member Publishing Corporation. In October 2004 MemberWorks underwent a so-called “re-branding” to become Vertrue. Vertrue directly or

indirectly owns the assets of MemberWorks, and upon information and belief Vertrue is a successor in interest to MemberWorks. As of April 2006, Vertrue's web site set forth a "corporate profile" that listed, under "Offices/Locations," the following:

- a) Vertrue Incorporated, Stamford, CT
- b) Adaptive Marketing, Stamford, CT; Omaha, NE; Houston, TX
- c) Coverdell & Company, Inc., Atlanta, GA
- d) MemberWorks Canada Corporation, Montreal, Quebec
- e) Lavalife, Inc., Toronto, Ontario
- f) My Choice Medical Inc., Stroudsburg, PA
- g) Bargain Network, Inc., Goleta, CA

JURISDICTION

9. Iowa's Buying Club Memberships law, Iowa Code Ch. 552A (2005) ("the Buying Club Law") provides in pertinent part:¹

552.A.1 Definitions

As used in this chapter, unless the context otherwise requires:

1. "*Buying club*" means a corporation, partnership, unincorporated association, or other business enterprise which sells or offers for sale to the public generally memberships or certificates of membership.
2. "*Contract*" means the agreement by which a person acquires a membership in a buying club.
3. "*Membership*" means certificates, memberships, share, bonds, contracts, stocks, or agreements of any kind or character issued upon any plan offered generally to the public entitling the holder to purchase merchandise, materials, equipment, or service, either from the issuer or another person designated by the issuer, either under a franchise or otherwise, whether it be at a discount, at cost plus a percentage, at cost plus a fixed amount, at a fixed price, or on any other similar basis.

¹ Portions of statutes highlighted in italics or bold in this Petition are highlighted in the same manner in the Code of Iowa.

552A.3 Right of cancellation - requirement of writing.

The requirements of sections 555A.1 through 555A.5, relating to door-to-door sales, shall apply to sales of buying club memberships, irrespective of the place or manner of sale or the purpose for which they are purchased. In addition to the requirements of chapter 555A, a contract shall not be enforceable against a person acquiring a membership in a buying club unless the contract is in writing and signed by the purchaser.

552.A.4 Limitation on membership period.

A contract shall not be valid for a term longer than eighteen months from the date on which the contract is signed. However, a buying club may allow a member to convert the contract into a contract for a period longer than eighteen months after the member has been a member of the club for at least one year. The duration of the contract shall be clearly and conspicuously disclosed in the contract in boldface type of a minimum size of the fourteen points.

552A.5 Remedies

1. A violation of this chapter is a violation of section 714.16, subsection 2, paragraph "a".
2. The rights, obligations, and remedies provided in this chapter shall be in addition to any other rights, obligations, or remedies provided by law or in equity.
- ...
10. In addition, Iowa Code § 552A.2 sets forth a list of exemptions from application of the Buying Club Law, but Plaintiff alleges that none serves to exempt the conduct alleged herein.
11. As noted in paragraph 9 above, the Buying Club Law incorporates various substantive requirements of the Door To Door Sales Act, namely Iowa Code §§ 555A.1 through 555A.5, with the proviso that such requirements apply "irrespective of the place or manner of sale or the purpose for which they are purchased." The Door To Door Sales Act provides in pertinent part:

555A.1 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "*Business day*" means any calendar day except Saturday, Sunday, or public holiday, including holidays observed on Mondays.
2. "*Consumer goods or services*" means goods or services purchased, leased, or rented primarily for personal, family, or household purposes, including courses of instruction or training

regardless of the purpose for which they are taken.

3. a. "*Door-to-door sale*" means a sale, lease, or rental of consumer goods or services with a purchase price of twenty-five dollars or more, whether under single or multiple contracts, in which the seller or the seller's representative personally solicits the sale, including those in response to or following an invitation by the buyer, and the buyer's agreement or offer to purchase is made at a place other than the place of business of the seller. Door-to-door sale does not include a transaction:

- (1) Made pursuant to prior negotiations in the course of a visit by the buyer to a retail business establishment having a fixed permanent location where the goods are exhibited or the services are offered for sale on a continuing basis.
- (2) In which the consumer is accorded the right of rescission by the provisions of the Consumer Credit Protection Act, 15 U.S.C. § 1635, or rules issued pursuant to this chapter.
- (3) In which the buyer has initiated the contact and the goods or services are needed to meet a bona fide immediate personal emergency of the buyer, and the buyer furnishes the seller with a separate dated and signed personal statement in the buyer's handwriting describing the situation requiring immediate remedy and expressly acknowledging and waiving the right to cancel the sale within three business days.
- (4) Conducted and consummated entirely by mail or telephone, and without any other contact between the buyer and the seller or its representative prior to delivery of the goods or performance of the services.
- (5) In which the buyer has initiated the contact and specifically requested the seller to visit the buyer's home for the purpose of repairing or performing maintenance upon the buyer's personal property. If in the course of such a visit, the seller sells the buyer the right to receive additional services or goods other than replacement parts necessarily used in performing the maintenance or in making the repairs, the sale of those additional goods or services would not fall within this exclusion.
- (6) Pertaining to the sale or rental of real property, to the sale of insurance and prepaid health service plans, or to the sale of securities or commodities by a broker-dealer registered with the securities and exchange commission.

b. "*Door-to-door sale*", irrespective of the place or manner of sale, also means the following:

- (1) A sale of funeral services or funeral merchandise regulated under chapter 523A.

(2) A sale of a social referral service or an ancillary service.

For purposes of this subparagraph, "social referral service" means a service for a fee providing matching or introduction of individuals for the purpose of dating, matrimony, or general social contact not otherwise prohibited by law, and "ancillary service" means goods or services directly or indirectly related to or to be provided in connection with a social referral service.

4. "*Place of business*" means the main or permanent branch office or local address of a seller.

5. "*Purchase price*" means the total price paid or to be paid for the consumer goods or services, including all interest and service charges.

6. "*Seller*" means any person engaged in the door-to-door sale of consumer goods or services.

555A.2 Contract.

Every seller shall furnish the buyer with a fully completed receipt or copy of any contract pertaining to a door-to-door sale at the time of its execution, which is in the same language as that principally used in the oral sales presentation and which shows the date of the transaction and contains the name and address of the seller, and in immediate proximity to the space reserved in the contract for the signature of the buyer or on the front page of the receipt if a contract is not used and in boldface type of a minimum size of ten points, a statement in substantially the following form:

You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.

555A.3 Cancellation.

Every seller shall furnish each buyer, at the time the buyer signs the door-to-door sales contract or otherwise agrees to buy consumer goods or services from the seller, a completed form in duplicate, captioned "Notice of Cancellation", which shall be attached to the contract or receipt and easily detachable, and which shall contain in ten point boldface type the following information and statements in the same language as that used in the contract:

NOTICE OF CANCELLATION

.....
(enter date of transaction)

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to, (Name of seller) at (Address of seller's place of business) not later than midnight of (Date).

I hereby cancel this transaction.

.....
(Date)

.....
(Buyer's signature)

555A.4 Duties of seller.

A seller shall:

1. Furnish two copies of the notice of cancellation to the buyer, and complete both copies by entering the name of the seller, the address of the seller's place of business, the date of the transaction, and the date, not earlier than the third business day following the date of the transaction, by which the buyer may give notice of cancellation.
2. Not include in any contract or receipt any confession of judgment or any waiver of any of the rights to which the buyer is entitled under this chapter including specifically the right to cancel the sale in accordance with the provisions of this chapter.

3. Inform each buyer orally, at the time the buyer signs the contract or purchases the goods or services, of the buyer's right to cancel.
4. Not misrepresent in any manner the buyer's right to cancel.
5. Honor any valid notice of cancellation by a buyer and within ten business days after the receipt of notice shall refund all payments made under the contract or sale, return any goods or property traded in, in substantially as good condition as when received by the seller, and cancel and return any negotiable instrument executed by the buyer in connection with the contract or sale and take any action necessary or appropriate to terminate promptly any security interest created in the transaction.
6. Not negotiate, transfer, sell, or assign any note or other evidence of indebtedness to a finance company or other third party prior to midnight of the seventh business day following the day the contract was signed or the goods or services were purchased.
7. Within ten business days of receipt of the buyer's notice of cancellation notify the buyer whether the seller intends to repossess or to abandon any shipped or delivered goods.

555A.5 Effect on indebtedness.

Rescission of any contract pursuant to this chapter or the failure to provide a copy of the contract to the buyer as required by this chapter shall void any contract, note, instrument, or other evidence of indebtedness executed or entered into in connection with the contract and shall constitute a complete defense in any action based on the contract, note, instrument or other evidence of indebtedness brought by the seller, the seller's successors or assigns unless a successor or assignee of the seller after the seventh business day following the day the contract was signed has detrimentally relied upon a representation of the buyer that the contract has not been rescinded. This section shall not affect the rights of holders in due course of checks made by the buyer.

12. As noted above, the Buying Club Law provides that a violation of Iowa Code Ch. 552A is a violation of Iowa Code § 714.16 (2)(a) of the Iowa Consumer Fraud Act, which provides in pertinent part:

The act, use or employment by a person of an unfair practice, deception, fraud, false pretense, false promise, or misrepresentation, or the concealment, suppression or omission of a material fact with intent that others rely upon the concealment, suppression,

or omission, in connection with the lease, sale, or advertisement of any merchandise or the solicitation of contributions for charitable purposes, whether or not a person has in fact been misled, deceived, or damaged, is an unlawful practice.

13. A violation of Iowa Code § 714.16 (2)(a) is expressly declared to be an unlawful practice under the Consumer Fraud Act, which gives rise to certain enforcement options and penalties under Iowa Code §§ 714.16 (7). That latter subsection provides, in pertinent part:

... If it appears to the attorney general that a person has engaged in, is engaging in, or is about to engage in a practice declared to be unlawful by this section, the attorney general may seek and obtain in an action in a district court a temporary restraining order, preliminary injunction, or permanent injunction prohibiting the person from continuing the practice or engaging in the practice or doing an act in furtherance of the practice. The court may make orders or judgments as necessary to prevent the use or employment by a person of any prohibited practices, or which are necessary to restore to any person in interest any moneys ... which have been acquired by means of a practice declared to be unlawful by this section ...

In addition to the remedies otherwise provided for in this subsection, the attorney general may request and the court may impose a civil penalty not to exceed forty thousand dollars per violation against a person found by the court to have engaged in a method, act, or practice declared unlawful under this section; provided, however, a course of conduct shall not be considered to be separate and different violations merely because the conduct is repeated to more than one person. In addition, on the motion of the attorney general or its own motion, the court may impose a civil penalty of not more than five thousand dollars for each day of intentional violation of a ... permanent injunction issued under authority of this section.

14. The remedies set forth in another section of the Iowa Code are triggered when a Consumer Fraud Act violation claims a victim 65 years of age or older. Iowa Code §§ 714.16A (1) & (3) (2005) provide, respectively:

If a person violates section 714.16, and the violation is committed against an older person, in an action by the attorney general, in addition to any other civil penalty, the court may impose an additional civil penalty not to exceed five thousand dollars for each such violation.

As used in this section, "*older person*" means a person who is sixty-five years of

age or older.

FACTUAL ALLEGATIONS

15. Vertrue, under its current corporate name and previously as MemberWorks, has sold memberships to Iowa residents from at least as early as 1999, when the Consumer Protection Division received its first written complaint from a consumer. Although Vertrue has had more than 100 membership programs over the course of its existence, it had about 25 active programs as of late 2005.

16. The memberships sold to Iowa residents have included, upon information and belief and without limitation:

- a) *HomeWorks Plus*, a membership program purporting to provide discounts to members on home improvement, decorating, and the like.
- b) *SimpleEscapes* (formerly *Leisure Advantage*), a membership program purporting to offer savings on certain leisure and entertainment activities.
- c) *Connections*, or *MWI Connections*, a membership program purporting to save members money on movies, dining out, theme park attendance, and the like.
- d) *Essentials*, a membership program purporting to offer savings on certain lifestyle merchandise, such as fashion and fitness products.
- e) *Privacy Matters*, a membership program which, upon information and belief, purports to provide information and services related to protecting one's privacy and safeguarding against identity theft.
- f) *Your Savings Club*, a membership program purporting to offer savings on a range of consumer products and services, including clothes, jewelry, books, music, restaurants, and travel.
- g) *Galleria*, a membership program that purports to offer savings on various everyday purchases, such as apparel, electronics, and magazine subscriptions.

17. The memberships have been sold to Iowa residents through the following methods, among others:

a) By arranging with other businesses that receive telephone contacts from consumers to “pitch” a Vertrue membership program. For example, memberships in the Privacy Matters program have been marketed to consumers who call their credit card company with a question about the outstanding balance on their credit cards. Once the consumer’s question is answered, he or she is immediately presented with a sales pitch for a “risk free,” free-trial membership in the Privacy Matters program. As a further example, a consumer may see an infomercial for a cleaning product on television, phone in to order the product, and then, after placing the order, be solicited to join one of Vertrue’s membership programs on a “risk-free,” thirty-day trial basis, all in the same phone call.

b) Through advertising on the Internet. For example, Vertrue arranges for links on other businesses’ web sites or links in other businesses’ e-mails to their customers, and the links lead to web sites that promote Vertrue membership programs. Consumers have also been able to join at least some of Vertrue’s programs by going on the Internet and locating a web site through which the specific program is offered.

c) By contracting with telemarketers to phone existing members of a Vertrue program and solicit them to join another Vertrue program, or to phone prospective customers whose contact information is provided by a business client of Vertrue and solicit membership in a Vertrue program.

d) By arranging with other businesses for mailings to be sent to those businesses’ customers soliciting memberships in Vertrue programs.

18. A solicitation for a Vertrue membership program typically involves offering the program on a “risk-free” thirty-day trial basis, after which the consumer’s credit card or bank account is billed unless the consumer affirmatively acts to cancel the membership by calling a toll-free number or writing to cancel within the trial period. This method is a form of negative option, because a consumer who initially accepts a membership on a trial basis is later presumed to want the membership to continue, and the consumer’s silence and inaction is effectively interpreted as assent.

19. Membership renewal is typically effected through a negative option as well. Whether or not the consumer has ever used the membership, or whether or not the consumer is even aware of his or her member status, a charge is automatically debited to the consumer’s credit card or bank account at the end of a membership term unless the consumer affirmatively cancels prior to the beginning of the next term.

20. Many Iowans have complained to Plaintiff about Defendant’s practices. The Consumer Protection Division received about 120 complaints from consumers from 1999 to present, a high volume of complaints. Consumers typically complained that they were being billed for a membership that they did not believe they had ever voluntarily agreed to receive. Some complainants did not even realize that they had been paying for such memberships until they happened to discover the membership charge on their credit card statements, after months or even years of inadvertent payments for unused memberships.

21. Upon information and belief, consumer complaints of being billed for unwanted memberships stem from certain unusual features of the methods Defendant uses to market many of its programs. Consumers who phone in to order a product they saw in a catalog or on TV

suddenly find themselves receiving an unexpected sales pitch for a membership program.

Several factors conspire to hook a consumer: the unanticipated nature of the solicitation; the desire to end a sales transaction that had been unexpectedly extended; and the supposedly low risk involved in accepting the offer on a “free trial period” basis.

22. Consumers may also be lulled into a false sense of security by the fact that they may never be asked to provide their credit card numbers or other billing information in connection with the unexpected sales pitch for a membership, and may therefore believe that they cannot be charged without some affirmative commitment at a later time. In fact, however, unbeknownst to the consumer, in many instances the solicitor already has access to the consumer’s billing information under an arrangement where it is made available by the “partner” marketer, and so charges can begin to appear without the consumer’s ever having provided a credit card number or other billing information as part of the separate membership solicitation.

23. Other factors serve to ensure that once on the hook, the consumer stays there: A follow-up mailing regarding the membership that might alert the consumer to the impending obligation and the need to affirmatively cancel to avoid charges may be hard to distinguish from the sort of junk mail that busy consumers routinely throw in the trash without reading. *See, e.g., Attachment 1.*

24. Examples of complaints from Iowa consumers serve to illustrate the problems:

a) In December of 2002 a Sioux City man reported having had his credit card charged for products or services he had not ordered. The charges were billed under the name “Simple Escapes.” When contacted by the Attorney General’s Office, Vertrue indicated that the supposed obligation originated when the consumer called Skymall in August of 1998 to place an order from the Skymall catalog. Subsequently, Vertrue had billed membership fees on the man’s credit card: \$59.95 in September 1998; \$69.95 in July 1999; \$84.00 in July 2000; \$99.95 in July 2001; and \$149.95 in July 2002. A copy of this consumer’s

complaint letter, and the company's response, are attached as Attachment 2.²

b) In May of 2003 a Runnells couple, Mr. and Mrs. W-, discovered a \$96.00 charge for "MWI Connections" on their AT&T MasterCard, and complained to the Attorney General's Office that the charge was unauthorized. They indicated that they had no idea what the charge was for until they contacted the company and were told it had to do with entertainment coupons. When contacted by the Attorney General, Vertrue explained that the charge could be traced to Mrs. W-'s purchase the previous March of the "Handy Stitch Hand Held Sewing Machine," a product offered through infomercials. A copy of the consumers' complaint letter, and the company's response, are attached as Attachment 3.

c) In January of 2003 an Urbandale woman phoned in an order for items from the Lillian Vernon catalog. She was later surprised to discover an \$8.50 charge on her credit card bill for "MWI Connections" in each of the following two months. She maintained that she had never joined the Connections program. A copy of her complaint and the response appear as Attachment 4.

d) In February of 2000 a Des Moines woman purchased a "Silver Eagle Coin" advertised by American Historical Society on a television infomercial. In February of 2003 she discovered that her credit card was being charged for "Simple Escapes," even though she maintained that she had never authorized the charge. In fact, when contacted by the Attorney General's Office, Vertrue acknowledged that it had charged her credit card repeatedly in connection with this membership program, and had collected \$84.00 in March of 2000, \$99.95 in January of 2001, \$109.95 in January of 2002, and \$149.95 in January of 2003. A copy of this consumer's complaint letter, and the company's response, are attached as Attachment 5.

e) In October of 2003 an Iowa City couple, Mr. and Mrs. A -, discovered what they believed to be an unauthorized charge on their MasterCard in the amount of \$89.95 for Simple Escapes. Indeed, they ultimately discovered that such charges stretched back to 1998, and totaled \$489.70. A copy of their complaint letter and the response appear as Attachment 6.

f) In July of 2005 an Iowa couple, Mr. and Mrs. C- , reviewed their bank statement and discovered that \$199.95 had been withdrawn on their debit card the previous month for something called "Essentials." They indicated that they had not authorized the withdrawal and did not know what "Essentials" was. Upon inquiry by the Attorney General's Office, Vertrue maintained that Mrs. C- had placed a call to order an unrelated product in July of 2002, had agreed to join the Essentials program, and had subsequently

² The consumer's name, address, and private financial information is marked out in this and subsequent examples.

been charged \$109.95 in 2003 and \$179.95 in 2004, as well as the \$199.95 in 2005 which the consumers noticed and which prompted their complaint. A copy of the consumers' complaint letter and the company response are attached as Attachment 7.

g) In December of 2005 a 77 year old Des Moines woman noticed a charge of \$249.95 on her MasterCard bill for "AP9 Galleria USA." She recalled having seen a similar charge a year earlier, but had believed at the time that it had been related to a catalog purchase she had made. However, she could not account for this latest charge. Upon inquiry, she learned that the charge was an annual fee for a membership in Galleria, a discount buying program, and that she had supposedly agreed to become a member when she received an unsolicited telemarketing call in November of 2001. In response to a letter from the Attorney General's office, Vertrue maintained that the consumer had been a Galleria member since early 2002, and had been charged \$138.95 in January 2002, \$149.95 in October 2002, \$159.95 in 2003, \$249.95 in 2004, and \$249.95 in 2005, for membership charges totaling \$948.75. A copy of the consumer's complaint letter, and the company's response, are attached as Attachment 8.

25. In each of the instances described in the preceding paragraph, Vertrue ultimately made a complete refund, either upon receipt of the consumer's complaint or (more frequently) after being contacted by the Attorney General's Office. However, upon information and belief, many consumers continue to pay such unexpected and unwanted charges without noticing them; many consumers who notice the charges after years of paying them settle for a partial refund just to resolve the matter; and many consumers who discover that they have fallen victim to unauthorized charges never complain to the Attorney General's Office or the company, and simply absorb the losses.

26. In order to determine how rare or common it was for consumers to find themselves making payments for memberships they were not aware they were paying for, the Consumer Protection Division contacted a sampling of Iowa customers of Defendant who had not complained, and who might therefore be expected to be satisfied members, contentedly taking advantage of the membership services for which they were being charged.

27. In December of 2004 the Consumer Protection Division sent written surveys to Iowans who were listed in company records as having become members of one of four Vertrue programs after April 1, 2003. The programs in question were *HomeWorks Plus*, *SimpleEscapes*, *Connections*, and *Essentials*. For each program, the survey was sent to each of about 100 randomly-selected consumers who had become members after April 1, 2003. A copy of the cover letter that accompanied the survey appears as Attachment 9, and Attachments 10 through 12 are the survey responses of a 71 year old Dubuque resident, a 76 year old Coggon resident, and a 69 year old Panora resident, respectively, each of whom repeatedly paid membership fees that appeared on their credit card bills before discovering the irregularity and obtaining at least a partial refund.

28. Of the approximately 400 surveys mailed out, completed responses were received from 88 Iowa consumers. Of those 88 responses, 59 consumers (67 %) indicated that they were not aware that they were members and/or that they did not authorize the charges. Most of the rest of the respondents indicated that they never used their memberships and cancelled, or thought they had cancelled. No one who responded indicated that he or she was a satisfied member. A more detailed summary of the survey results is attached as Attachment 13.

29. Upon information and belief, although Defendant has at all relevant times been subject to Iowa's Buying Club Law, Defendant has never complied with the requirements of Iowa Code §§ 555A.1 through 555A.5. In particular and without limitation, Defendant has never furnished buyers with a written document in compliance with Section 555A.2; has never furnished buyers the Notice of Cancellation forms required by Section 555A.3; and has never informed buyers orally of their right to cancel or performed the other duties of sellers set forth in

Section 555A.4.

30. Upon information and belief, compliance by Defendant with the Buying Club Law would have served to provide consumers with clear notice of the financial obligations which Defendant sought to impose, and would have spared many consumers from unknowingly making ongoing periodic payments for a membership they did not want and did not use.

31. The acts and practices referred to herein relating to Vertrue's marketing of memberships are deceptive and/or unfair practices in violation of section 714.16 (2)(a) of the Iowa Consumer Fraud Act, and otherwise violate that Act.

32. Neither all nor any part of the application for injunctive relief herein has been previously presented to and refused by any court or justice. Iowa R. Civ. P. 1.1504.

33. In an action by the state, no security shall be required of the state. Iowa R. Civ. P. 1.207.

COUNT I

VIOLATION OF THE BUYING CLUB MEMBERSHIPS ACT

34. Paragraphs 1 through 33 are incorporated herein by reference.

35. Defendant's marketing of memberships violates Iowa Code § 552A.

36. Pursuant to Iowa Code § 552A.5 (1), a violation of the Buying Club Law is a violation of the Iowa Consumer Fraud Act, Iowa Code § 714.16 (2)(a).

COUNT II

VIOLATION OF THE IOWA CONSUMER FRAUD ACT

37. Paragraphs 1 through 36 are incorporated herein by reference.

38. Defendant's acts and practices relating to the marketing of memberships constitute

unfair and/or deceptive practices in violation of section 714.16 (2)(a) of the Iowa Consumer Fraud Act, and otherwise violate that Act.

COUNT III

CONSUMER FRAUDS COMMITTED AGAINST OLDER PERSONS

39. Paragraphs 1 through 38 above are incorporated herein by reference.

40. On information and belief, many of the Consumer Fraud Act violations for which Defendant is responsible were committed against older persons and give rise to the additional civil penalty provided for in section 714.16A.

PRAYER

Plaintiff prays the Court grant the following relief:

A. Pursuant to Iowa Code § 714.16 (7), and upon further request by Plaintiff addressed to the Court, enter a temporary restraining order and preliminary injunction restraining Defendant and Defendant's directors, officers, principals, partners, employees, agents, servants, representatives, subsidiaries, affiliates, successors, assigns, merged or acquired predecessors, parent or controlling entities, and all other persons, corporations and other entities acting in concert or participating with Defendant who have actual or constructive notice of the Court's injunction, from engaging in the violations of law alleged in this Petition or from otherwise violating the Iowa Consumer Fraud Act.

B. Pursuant to Iowa Code § 714.16 (7), after trial on the merits, make permanent the above-described injunctions, expanding their provisions as necessary by including *inter alia* such "fencing in" provisions as are reasonably necessary to ensure that Defendant and other enjoined persons and entities do not return to the unlawful practices alleged herein, or commit comparable

violations of law.

C. Pursuant to Iowa Code § 714.16 (7), enter judgment against Defendant for amounts necessary to restore to Iowa consumers all money acquired by means of acts or practices that violate the Consumer Fraud Act.

D. Pursuant to Iowa Code § 714.16 (7), enter judgment against Defendant for such additional funds as are necessary to ensure complete disgorgement of all ill-gotten gain traceable to the unlawful practices alleged herein.

E. Pursuant to Iowa Code § 714.16 (7), enter judgment against Defendant for a civil penalty of up to \$40,000.00 for each separate violation of the Consumer Fraud Act.

F. Pursuant to Iowa Code § 714.16A, enter judgment against Defendant for an additional civil penalty not to exceed \$5,000.00 for each violation of the Consumer Fraud Act committed against an older person.

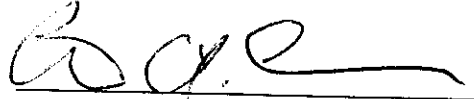
G. Award Plaintiff interest as permitted by law.

H. Pursuant to Iowa Code § 714.16 (11), enter judgment against Defendant for attorney fees, state's costs and court costs.

I. Grant such additional relief as the Court deems just and equitable.

Respectfully submitted,

Thomas J. Miller
Attorney General of Iowa

A handwritten signature in black ink, appearing to read 'S. St. Clair', written over a horizontal line.

Steve St. Clair PK 2715271
Assistant Attorney General
Hoover Building, 2d Floor
Des Moines, Iowa 50319
Ph: 281-5926
Fax: 281-6771



PRSR STD
U.S. POSTAGE
PAID
OMAHA, NE
Permit No. 889

Home
WORKS SM
plus

All your
home savings
under one roof!

MW 001832

HomeWorks PlusSM
PO Box 241719, Omaha, NE 68124-5719

HPAOE

CONSUMER

From: [REDACTED]@aol.com
Sent: Saturday, December 28, 2002 8:55 PM
To: Consumer Protection
Subject: AG Office Consumer Complaint Form

Below is the result of your feedback form. It was submitted by
([REDACTED]@aol.com) on Saturday, December 28, 2002 at 20:55:24

name: Kevin [REDACTED]
address: [REDACTED] Ave.
city: Sioux City
state: IA
zipcode: 51106
homephone: 402-[REDACTED]
workphone: 712-[REDACTED]
age: 40
respname: MWI Simple Escapes2
respaddr: unknown
respcity: unknown
respstate: CT
respphone: 877-836-6903

product: Charged my credit card for services and/or product not ordered. When I contacted them they assured me they would credit the funds back to my account, then only credited a partial amount. Remaining amount was reversed after disputed with credit card company.

resolvefair: My dispute has been resolved unless they charge my account again.

comments: This company is making a practice of charging peoples credit cards without authorization. Please investigate and take action against this company. Do an internet search and you will find thousands of complaints against this company on various web sites.

submit: Send in the complaint

HTTP_USER_AGENT: Mozilla/4.0 (compatible; MSIE 5.14; Mac_PowerPC)



RECEIVED
03 JAN 27 PM 2:38
CONSUMER PROTECTION DIV.

January 22, 2003

Ms. Barbara Blake
Investigator
State of Iowa Department of Justice
Consumer Protection Division
1305 E. Walnut
Des Moines, Iowa 50319

Re: Mr. [REDACTED] - File # 2003-[REDACTED]

Dear Ms. Blake:

This is in response to your letter dated January 2, 2003 (which we received on January 6, 2003) concerning a complaint filed by the above-referenced consumer.

The records we received from Skymall indicate that on August 9, 1998, Mr. Kevin [REDACTED] called Skymall to place an order from their catalogs. At that time, Mr. [REDACTED] was offered a thirty-day, risk-free trial membership in our **ValueMax Shopping Service** program (the "Program"). **ValueMax Shopping Service** is not affiliated with Skymall. However, Skymall agreed to offer our **ValueMax Shopping Service** program to its customers.

At the time of the call, the Skymall representative was required to explain the terms of the Program to Mr. [REDACTED], including that during the thirty-day trial period, he could use the benefits and he would not be billed for the Program until after the trial period. The representative should have explained that Mr. [REDACTED] could cancel the Program during the trial period without incurring any cost by simply calling our toll-free number. Additionally, the representative was required to advise Mr. [REDACTED] that membership in the Program would be renewed automatically each year to ensure uninterrupted service, and that the then-current renewal fee would automatically be billed to Mr. [REDACTED]'s account. The representative should have informed Mr. [REDACTED] that he could cancel his membership at any time after the expiration of the trial period and receive a pro-rata refund of his current year's membership fee.

Skymall represented to us that Mr. [REDACTED] was apprised of these terms and accepted the trial membership in the Program. Accordingly, **ValueMax Shopping Service** mailed Mr. [REDACTED] membership materials that restated the terms of the Program and explained all its features.

On September 15, 1998, after the trial period ended, Mr. [REDACTED] was billed the \$59.95 annual membership fee for the Program. Over the next four years, the

membership was renewed as per the terms of the Program, and on July 15, 1999, July 12, 2000, July 12, 2001, and July 11, 2002, Mr. [REDACTED] was billed for the then-current membership fees of \$69.95, \$84.00, \$99.95 and \$149.95, respectively. Additionally in 2002, the Program was upgraded and renamed **Simple Escapes Plus**. On August 15, 2002, Mr. [REDACTED]'s **Simple Escapes Plus** membership was cancelled, and we issued a pro-rata refund in the amount of \$116.70, as per the terms of the Program. That credit posted to Mr. [REDACTED]'s account on August 19, 2002. Although **Simple Escapes Plus** did not market the Program to Mr. [REDACTED], customer satisfaction is important to us. Accordingly, we issued additional refunds in the amounts of \$33.25, \$99.95, \$84.00, \$69.95 and \$59.95, representing the balance of the current year's membership fee and the four prior years' membership fees. Those credits should post to Mr. [REDACTED]'s account within the next three to five business days.

By copy of this letter, we wish to apologize to Mr. [REDACTED] for any misunderstanding and inconvenience this matter may have caused.

Sincerely,

Barb Olander
Director of Consumer Affairs



Sue Gardner
Consumer Affairs Specialist

cc: Mr. Kevin [REDACTED]
[REDACTED] Ave.
Sioux City, IA 51106

Glen [REDACTED]
[REDACTED]
Runnells, IA 50237

Consumer Protection Division
Attn: Barb
1305 E. Walnut
Des Moines, IA 50319

May 27, 2003

To Whom it May Concern:

I received my monthly statement from my AT&T MasterCard last week. On it was a charge of \$96.00 that neither my wife nor I could figure out what it was. We hadn't ordered anything for that amount. There was a listing for a "MWI Connections" and a phone number of 800 750-4364. I called the number and a man answered and told me this was an entertainment coupon company. I informed him that I did not order anything from him and I wanted to have them cancel the charge. After several minutes of discussion he said on the next statement there would be a credit. I have informed my credit card company and they are going to wait for the credit to come in.

I would like to know how this company got my credit card information and how companies can charge things to me that I haven't even ordered. Can you contact this company and have them substantiate where they got my information? I won't do business with companies that use these tactics!
Thank you.

Sincerely, *Glen* [REDACTED]

03 MAY 28 AM 9:31
RECEIVED
CONSUMER PROTECTION DIV.

connectionsSM

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June 6, 2003

Ms. Barbara Blake
Investigator
State of Iowa Department of Justice
Consumer Protection Division
1305 E. Walnut
Des Moines, Iowa 50319

03 JUN 13 PM 2:10
RECEIVED
CONSUMER PROTECTION DIV.

Re: Mr. Glen [REDACTED] – File No. 2003 [REDACTED]

Dear Ms. Blake:

This is in response to your letter dated May 28, 2003, concerning a complaint filed by the above-referenced consumer.

The records we received from West Teleservices ("West") indicate that on March 1, 2003, Mrs. Lola [REDACTED] purchased the "Handy Stitch Hand Held Sewing Machine" product marketed through West. After Mrs. [REDACTED] purchased the product, the West representative offered her a thirty-day, risk-free trial membership in our **Connections** program (the "Program"). In this particular situation, West is responsible for all aspects of marketing, including obtaining a valid acceptance of the offer and a confirmation of the sale. Upon West's representation that the sale is valid, **Connections** accepts from West the consumer's name, mailing address and billing information so that **Connections** can enroll the consumer in the Program and send membership materials to the consumer.

Under our agreement with West, their representative was required to explain the terms of the Program to Mrs. [REDACTED], including that during the thirty-day trial period, Mrs. [REDACTED] could use the benefits and she would not be charged for the Program until after the trial period. The West representative was required to inform Mrs. [REDACTED] that she could cancel her membership during the trial period without incurring any cost by simply calling our toll-free number. Additionally, the representative was required to advise Mrs. [REDACTED] that membership in the Program would be renewed automatically each year to ensure uninterrupted service, and that the then-current renewal fee would automatically be charged to her account. The representative should have advised that Mrs. [REDACTED] could cancel her membership at any time after the expiration of the trial period and receive a pro-rata refund of her current year's membership fee.

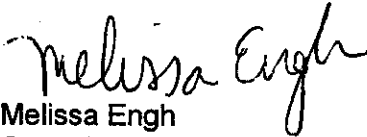
West represented to us that Mrs. [REDACTED] was apprised of these terms and accepted the trial membership in **Connections**. Accordingly, we mailed her membership materials that restated the terms of the Program and explained all its features.

On April 17, 2003, after the trial period ended, Mrs. [REDACTED] was charged the \$96.00 annual membership fee for the Program. On May 23, 2003, Mrs. [REDACTED]'s *Connections* membership was cancelled, and we issued a full refund in the amount of \$96.00 (\$72.60 and \$23.40). Those credits posted to Mrs. [REDACTED]'s account on May 27, 2003.

By copy of this letter, we wish to apologize to Mr. and Mrs. [REDACTED] for any misunderstanding and inconvenience this matter may have caused.

Sincerely,

Mark Yosten
Director of Compliance



Melissa Engh
Compliance Correspondence Specialist

cc: Mr. Glen [REDACTED]
[REDACTED]
Runnels, IA 50237

Consumer Protection Complaint Form

Tom Miller
Attorney General of Iowa
515-281-5926
515-281-6771 fax

RECEIVED
03 APR 21 PM 1:58
CONSUMER PROTECTION DIV.

Consumer Protection Division
Hoover State Office Building
1305 E. Walnut, Des Moines, Iowa 50319
e-mail: consumer@ag.state.ia.us
www.IowaAttorneyGeneral.org

Instructions. To help us handle your complaint —

1. Please print or type. Answer all questions fully and correctly.
2. Please mail in **photocopies** of all documents that may relate to your complaint claim (contracts, advertisements, correspondence, proof of payment, etc.).
3. Return the information to the Consumer Protection Division (address above).
4. You may also file a complaint online. Be sure to also mail in all relevant documents.

PLEASE NOTE IMPORTANT "OPEN RECORDS" INFORMATION ON THE BACK OF THIS FORM.

Your name and address: Mr. (Mrs.) Ms. (Please circle one) Name of business or person the complaint is against:

NAME Roxy [REDACTED] NAME Lillian Vernon Corporation
 ADDRESS [REDACTED] Drive ADDRESS Virginia Beach.
 CITY Urbandale IA 50322 CITY VA 23479-02
 STATE STATE ZIP STATE ZIP
 WORK PHONE NUMBER (515) [REDACTED] HOME PHONE NUMBER (800) 508-2250-NY PHONE
 CELL PHONE # 515- [REDACTED] E-MAIL ADDRESS LillianVernon.com E-MAIL ADDRESS

FOR MOTOR VEHICLE COMPLAINTS, LIST VEHICLE IDENTIFICATION # (VIN) _____

Product or service involved: _____ Product New or used? _____

Date of purchase or contract: _____ Amount of purchase or contract: _____

Actual amount paid: _____ How paid (check, credit card, etc.): _____

Have you contacted the business or person? No _____ Yes Please explain in the summary. *

Have you contacted an attorney? No Yes _____ When: _____ Name: _____

What do you think should be done to resolve your complaint fairly? _____

Summary of your complaint — Please print or type. Use back or additional paper if necessary.

See reverse side →

* I have contacted MWF Connections and was given credit for the first billing. I am reluctant to contact Lillian Vernon fear of reprisal.

I understand that the Attorney General's Office is not my private attorney but represents the public in enforcing laws designed to protect consumers from misleading or unlawful business practices. I also understand I may contact a private attorney for legal advice. **Please sign here.**

Signature [REDACTED] Date 3-17-03

Attachment 4

Over, please.

In January I ordered via telephone some items from "Lillian Vernon" catalogue. This order was billed to my Master Card and appeared on my Master Card bill in January.

My February master^{card} bill~~ed~~ showed an item billed to "MWT Connections" for \$8.50. After a couple of phone calls I learned that this is a telemarketing merchant working with Lillian Vernon (selling a shopping service) to which I was told I had subscribed when I placed my order to Lillian Vernon. I did not and would not subscribe to such a service. My Master Card number had been shared by Lillian Vernon with this telemarketing merchant without my permission.

I consider this to be a violation of my rights as a consumer, and I'm asking you to investigate this practice. Addresses:

MWT Connections

9500 W. Dodge Road

phone: 1-800-568-2386-C

Omaha, NE 68114

Lillian Vernon

phone: 1-800-505-2250-N

(see reverse side)

P.S. Another billing from MWT Connection appeared on my March Master Card bill. I have cancelled the card.

Note: Complaints are Open Records

Under Iowa law, complaint forms or letters generally are "open records." The public has the right to review or obtain copies of open records. Also, copies of complaints are routinely sent to the person or business the complaint is directed against.

Please call or write the Consumer Protection Division if you have questions about the "open records" law.

connectionsSM

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merchandise

May 3, 2003

Ms. Barbara Blake
Investigator
State of Iowa Department of Justice
Consumer Protection Division
1305 E. Walnut
Des Moines, Iowa 50319

03 MAY -9 PM 1:44
CONSUMER PROTECTION DIV.

RECEIVED

Re: Ms. Roxy [REDACTED] - File # 2003-[REDACTED]

Dear Ms. Blake:

This is in response to your letter dated April 21, 2003, concerning a complaint filed by the above-referenced consumer.

The records we received from Lillian Vernon indicate that on January 1, 2003, Ms. Roxy [REDACTED] called Lillian Vernon to place an order from one of their catalogs. At that time, Ms. [REDACTED] was offered a thirty-day, risk-free trial membership in our **Connections** program (the "Program"). **Connections** is not affiliated with Lillian Vernon. However, Lillian Vernon agreed to offer our **Connections** program to its customers.

At the time of the call, the Lillian Vernon representative was required to explain the terms of the Program to Ms. [REDACTED], including that during the thirty-day trial period, she could use the benefits and she would not be charged for the Program until after the trial period. The representative should have explained that Ms. [REDACTED] could cancel the Program during the trial period without incurring any cost by simply calling our toll-free number. Additionally, the representative was required to explain that the monthly membership fee in the Program would be automatically charged each month to Ms. [REDACTED]'s account. The representative should have told Ms. [REDACTED] that she could cancel her membership at any time after the expiration of the trial period and would no longer be charged the monthly fee.

Lillian Vernon represented to us that Ms. [REDACTED] was apprised of these terms and accepted the trial membership in the Program. Accordingly, **Connections** mailed Ms. [REDACTED] membership materials that restated the terms of the Program and explained all its features.

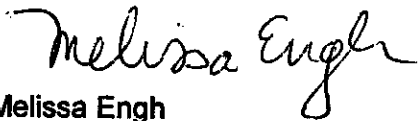
On February 6, 2003, after the trial period ended, Ms. [REDACTED] was charged the \$8.50 monthly membership fee for the Program. Ms. [REDACTED] was charged a total of two monthly fees of \$8.50. On March 13, 2003, Ms. [REDACTED]'s **Connections** membership was cancelled. Although **Connections** did not market the Program to Ms. [REDACTED],

customer satisfaction is important to us. Accordingly, we issued two refunds in the amount of \$8.50 each, representing the two prior months' membership fees. One of those credits posted to Ms. [REDACTED]'s account on March 14, 2003, the other one posted to her account on April 28, 2003.

By copy of this letter, we wish to apologize to Ms. [REDACTED] for any misunderstanding and inconvenience this matter may have caused.

Sincerely,

Mark Yosten
Director of Compliance



Melissa Engh
Compliance Correspondence Specialist

cc: Ms. Roxy [REDACTED]
[REDACTED] Drive
Urbandale, IA 50322

2-7-03

Dear Sir:

I wish to Report a company that charged my credit card without me knowing or even talking to them.

When I saw the charge on my Visa I called them and they said they probably were updating their files, thus picked up my credit card # ???
Co is:

MWI*SIMPLE ESCAPES 2 877-271-4660 CT

I just wanted to report this in case others are having this happen

Thank you

Elisa [REDACTED]
[REDACTED] Broadway
Des Moines, Ia
50317

515 - [REDACTED]

CONSUMER PROTECTION DIV.

03 FEB 19 PM 1:40

RECEIVED



RECEIVED
03 MAR 17 PM 4:17
CONSUMER PROTECTION DIV.

March 11, 2003

Ms. Barbara Blake
Investigator
State of Iowa Department of Justice
Consumer Protection Division
1305 E. Walnut
Des Moines, Iowa 50319

Re: Ms. Eleisa [REDACTED] - File # 2003-35182

Dear Ms. Blake:

This is in response to your letter dated February 26, 2003, concerning a complaint filed by the above-referenced consumer.

The records we received from American Historical Society indicate that on February 17, 2000, Ms. Eleisa [REDACTED] purchased the "Silver Eagle Coin" product advertised on an American Historical Society infomercial and then was offered a thirty-day, risk-free trial membership in our *Leisure Advantage* program (the "Program"). *Leisure Advantage* is not affiliated with American Historical Society. However, American Historical Society agreed to market our *Leisure Advantage* program to its customers.

The representative hired by American Historical Society was required to explain the terms of the Program to Ms. [REDACTED], including that during the trial period, she could use the benefits and she would not be billed for the Program until after the trial period. Ms. [REDACTED] also was advised that during the trial period, she could cancel the Program without incurring any cost by simply calling our toll-free number. Additionally, the representative explained that membership in the Program would be renewed automatically each year to ensure uninterrupted service, and that the then-current renewal fee would automatically be billed to Ms. [REDACTED]'s account. The representative should have informed Ms. [REDACTED] that she could cancel her membership at any time after the expiration of the trial period and receive a pro-rata refund of the current year's membership fee.

American Historical Society represented to us that Ms. [REDACTED] was apprised of the terms and accepted the membership in the Program. Accordingly, *Leisure Advantage* mailed her membership materials that restated the terms of the Program and explained all its features.


On March 20, 2000, after the trial period ended, Ms. [REDACTED] was billed the \$84.00 annual membership fee for the Program. Over the next three years, the membership

was automatically renewed as per the terms of the Program, and on January 18, 2001, January 17, 2002, and January 21, 2003, Ms. [REDACTED] was billed for the then-current membership fees of \$99.95, \$109.95 and \$149.95, respectively. Additionally in 2003, the Program was upgraded and renamed **Simple Escapes Plus**. On February 3, 2003, Ms. [REDACTED]'s **Simple Escapes Plus** membership was cancelled, and we issued a full refund in the amount of \$149.95, representing the current year's membership fee. That credit posted to Ms. [REDACTED]'s account on February 4, 2003. Although **Simple Escapes Plus** did not market the Program to Ms. [REDACTED], customer satisfaction is important to us. Accordingly, we issued additional refunds in the amounts of \$109.95, \$99.95 and \$84.00, representing the three prior years' membership fees. Those credits posted to Ms. [REDACTED]'s account on March 5, 2003.

By copy of this letter, we wish to apologize to Ms. [REDACTED] for any misunderstanding and inconvenience this matter may have caused.

Sincerely,

Barb Olander
Director of Consumer Affairs



Sue Gardner
Consumer Affairs Specialist

cc: Ms. Eleisa [REDACTED]
[REDACTED] Broadway
Des Moines, IA 50317

Thomas W & Suzanne [REDACTED]
[REDACTED] Dr
Iowa City, Iowa 52246
(319) [REDACTED]

Simple Escapes
Leisure Advantage
Attn: Customer Relations
9500 W Dodge Rd.
Omaha NE 68114

Nov. 13, 2003

Re: unauthorized charges to our MasterCard

In October 2003 we discovered charges on our MasterCard which we did not authorize. Beginning in October 2003 and continuing through today, we have had conversations with:

Robert #14833

Sheila

Bill

Charlene #14831

Michelle #10750

Farai #16403

Jila #16435

and their supervisors

In all of these conversations, there has been universal agreement that we have never used this item in any way, and that we would be provided with an audio tape and a written transcript of us actually ordering this service, proof of us accepting the offer on the phone.

We were informed that "A representative on behalf of ATT signed us up for this" on October 23, 1998.

Since that time, we have been charged:

October 23, 1998 Leisure Advantage: \$69.95

October 26, 1999 Leisure Advantage: \$79.95

October 16, 2000 Leisure Advantage: \$79.95

September 26, 2001 Leisure Advantage: \$79.95

September 26, 2002 Leisure Advantage: \$89.95

September 24, 2003 Simple Escapes2: \$89.95

To date, we have received credit for the 2003 and 2002 charges of \$89.95 and \$89.95.

This morning in a conversation with Delfina #9815, we were informed that audio tapes are not available. We were also told that we needed to request these

Attachment 6

refunds in writing to this address.

We never ordered this service. We never accept or even listen to any offers on the phone. We know that this is an error. To correct these charges, we need refunds for 1998 through 2001 which total \$309.80 on MasterCard.

Please call us and send a written response.

Thank you for your help in correcting this error,

Thomas W And Suzanne [REDACTED]

~~cc: Claypool, Atty~~
~~ATT Customer Service~~



00 DEC 21 PM 14
10:14:00 AM
12/21/03

December 24, 2003

Ms. Barbara Blake
Investigator
State of Iowa Department of Justice
Consumer Protection Division
1305 E. Walnut
Des Moines, Iowa 50319

Re: Thomas and Suzanne [REDACTED] – File # 2003-[REDACTED]

Dear Ms. Blake:

This is in response to your letter dated December 17, 2003, concerning a complaint filed by the above-referenced consumer.

Our records indicate that on October 23, 1998, Mrs. Suzanne [REDACTED] was contacted on our behalf by a representative who explained our *Leisure Advantage* program (the "Program") and offered her in a membership in the Program. Mrs. [REDACTED]'s name was provided to us by AT&T so that we could make this special offer to her as a AT&T credit card holder.

The representative explained the terms of the Program to Mrs. [REDACTED], including that the Program came with a thirty-day, risk-free trial period during which she could use the benefits and she would not be charged for the Program until after the trial period. The representative informed Mrs. [REDACTED] that she could cancel her membership in the Program during the trial period without incurring any cost by simply calling our toll-free number. Additionally, the representative explained that her membership in the Program would be renewed automatically each year to ensure uninterrupted service, and that the then-current renewal fee would automatically be charged to Mrs. [REDACTED]'s account. Mrs. [REDACTED] was also advised that she could cancel her membership at any time after the expiration of the trial period and receive a full refund of her current year's membership fee.

Our records indicate that Mrs. [REDACTED] accepted the trial membership in *Leisure Advantage*. Accordingly, we mailed her membership materials that restated the terms of the Program and explained all its features. We are unable to provide the audio-taped confirmation of Mrs. [REDACTED] acceptance of the enrollment as we only retain the audio-tape confirmations for 24 months in compliance with applicable law.

On December 8, 1998, after the trial period ended, Mrs. [REDACTED] was charged the \$69.95 annual membership fee for the Program. Over the next five years, the membership was automatically renewed as per the terms of the Program, and on September 28, 1999, October 16, 2000, September 26, 2001, September 26, 2002, and September 27, 2003, Mrs. [REDACTED] was charged the then-current membership fees of \$79.95, \$79.95, \$79.95, \$89.95 and \$89.95, respectively. Additionally in 2003, the Program was upgraded and renamed *Simple Escapes Plus*. On October 15, 2003, Mrs. [REDACTED]'s *Simple Escapes Plus* membership was cancelled, and we issued a refund in the amount of \$89.95, representing the current year's membership fee. That credit posted to Mrs. [REDACTED]'s account on October 20, 2003. Because customer satisfaction is important to us, we issued an additional refunds in the amounts of \$89.95, \$79.95, \$79.95, \$79.95 and \$69.95, representing the five prior years' membership fees. The \$89.95 credit posted to Mrs. [REDACTED]'s account on October 22, 2003, the remaining credits posted to her account ton November 29, 2003.

By copy of this letter, we wish to apologize to Mr. and Mrs. [REDACTED] for any misunderstanding and inconvenience this matter may have caused.

Sincerely,

Connie Zimmerman
Senior Manager of Compliance



Sue Gardner

Compliance Correspondence Specialist

cc: Mr. and Mrs. [REDACTED]
[REDACTED] Drive
Iowa City, IA 52246

Thomas W & Suzanne [REDACTED]
[REDACTED] Dr
Iowa City, Iowa 52246
(319) [REDACTED]

Ms. Barbara Blake
Investigator
State of Iowa Dept of Justice
Consumer protection Division
1305 E Walnut
Des Moines, IA 50319

1-6-04

RE: Thomas and Suzanne [REDACTED] File #2003-[REDACTED]

Dear Ms. Blake:

We can assure you that we:

1. never listen to any offers given over the phone
and
2. hang up as soon as we are "being offered" something
and
3. have never and will never sign up for anything offered over the phone
and
4. there is no truth that we accepted this offer from this company, in any way.

This company has been charging our MasterCard for annual fees without our consent. They can not prove that we signed up for anything, although for months they promised to produce the audio tapes and even written transcripts. They also claim that in that one conversation I approved these annual charges being automatically renewed. When I discussed this with them, they said that by me throwing "junk" mail in the garbage, I was automatically signing myself up for another year of their "service."

It has been a long and frustrating job trying to get our money back from this company. They are **lying** about us signing up for their service, and their annual charges to our account seems to us to be fraudulent, and hopefully illegal. It doesn't even make sense that anyone trying a new service would also agree to approve annual charges, for a service they have never used before.

Since we finally did get our money back, you do not need to spend any more time on this for us, but do hope you will contact them if this is illegal. We know that they are lying and have charged our account without our approval.

Thank you for your time!

Thomas [REDACTED] + Suzanne [REDACTED]

Thomas and Suzanne [REDACTED]

CONSUMER

From: Robin [REDACTED]@iowatelecom.net]
Sent: Thursday, July 14, 2005 9:16 PM
To: consumer@ag.state.ia.us
Subject: Adaptive Marketing Scam

To Whom It May Concern:

As I looked over our bank statement from our local bank- First National Bank of [REDACTED], IA, I was surprised to find a debit card withdrawal for \$199.95 dated 6/28/05- from a company calling itself AP9* Essentials of CT with a phone number of 1-877-244-8258. When I called this number on 7/11/05. I was told that after a 30 day trial package for consumer products which supposedly started on May 24, that I was charged the full price for the service. I told them that I did not authorize this transaction and knew nothing about there "deals!" After several calls to discuss how they got our personal information we were getting no where. They said we ordered something through them from an infomercial but fact is we did not. When we asked them the amount of the sale, the date and where they shipped this product they told us this is all private and they cannot access that information or tell us anything. We spoke with a supervisor that assured us that we would have a refund credited to our bank account within 2 business days. We knew that this sounded like fraud and figured they were lying to us, but we still held out some hope of getting the money back. Unfortunately it is now 7/14 and there is still no refund credit for the \$199.95 they stole from our account. We plan to file a fraud claim with our bank as well as close the debit card account number. We feel so helpless and violated because of this whole situation.

I would love to file a claim with the better business bureau but I can't find an address or a non-800 phone # to give them for the claim. In fact this company hides behind so many names I am unable to find much of anything. Supposedly all the alias companies are run by a company called Adaptive Marketing, Inc from Stamford, CT. Yet there is no way to locate this company in the white or yellow pages on the internet. Adaptive Marketing, LLC also has sites in Omaha, NE and Houston, TX. I was able to find an address and phone number for Adaptive Marketing, LLC in Omaha but when I called that number the company name is totally different-I assume another alias to keep hiding!

Please visit the web links I have listed. They will give you more insight as to what this company is doing to consumers that don't even want to buy their product, if there is even a product they are selling.

<http://www.ripoffreport.com/results.asp?q1=ALL&q5=ADAPTIVE+MARKETING&submit2=Search%21&q4=&q6=&q3=&q2=&q7=&searchtype=0>

<http://www.adaptivemarketing.com/>

<http://www.dexonline.com/servlet/ActionServlet?&siteid=CD42&pid=bresults&from=CD42&metro=checked&businessname=Adaptive+Marketing&city=Omaha&stat21>

Thank you for listening and for any future help you may be able to give us.

Robert & Robin [REDACTED]
 [REDACTED] St.
 [REDACTED], IA 51[REDACTED]
 712-[REDACTED] (home)
 712-[REDACTED] (work)
 712-[REDACTED] (cell)

essentials

RECEIVED

05 SEP -1 PM 2:12

CONSUMER PROTECTION DIV.

August 25, 2005

Ms. Barbara Blake
Investigator
State of Iowa Department of Justice
Consumer Protection Division
1305 E. Walnut
Des Moines, Iowa 50319

Re: Robert and Robin [REDACTED] - File # 2005-[REDACTED]

Dear Ms. Blake:

This is in response to your letter dated August 15, 2005, concerning a complaint filed by the above-referenced consumers.

The records we received from West Direct, Inc. ("West"), a marketer of various products and services, indicate that on July 23, 2002, Mrs. Robin [REDACTED] placed a call and purchased a "Kidz Bop" product. The order call was received and processed by West. After Mrs. [REDACTED] purchased the "Kidz Bop", West offered Mrs. [REDACTED] a membership in Adaptive Marketing, LLC's *essentials* program (the "Program"). Adaptive Marketing, LLC sent her fulfillment materials describing the benefits in *essentials* and is responsible to service the Program.

West's representatives are required to explain the terms of the Program, including that during the thirty-day trial period, Mrs. [REDACTED] could use the benefits and she would not be charged for the Program until after the trial period. Other disclosures include that the consumer can cancel the membership during the trial period without incurring any cost by simply calling a toll-free number. Additionally, West's representatives are required to explain to Mrs. [REDACTED] that her membership in the Program will be renewed each year to ensure uninterrupted service, and that the then-current renewal fee will automatically be charged to Mrs. [REDACTED]'s account. Finally, the representatives are required to inform the consumer that she can cancel her membership at any time after the expiration date of the trial period and receive a pro-rata refund of her current year's membership fee.

West's records indicate that on July 23, 2002, Mrs. [REDACTED] agreed to the terms of the Program and accepted the membership in *essentials*. *essentials* then mailed Mrs. [REDACTED] membership materials that restated the terms of the Program and explained all of its features.

On August 27, 2002, after the trial period ended, Mrs. [REDACTED] was charged the \$96.00 annual membership fee for the Program. Over the next three years the membership was automatically renewed as per the terms of the Program, and on June 25, 2003,

June 23, 2004 and June 23, 2005, Mrs. [REDACTED] was charged the then-current membership fees of \$109.95, \$179.95 and \$199.95, respectively. Additionally in 2003, the Program was upgraded and renamed *essentials plus*. On July 11, 2005, Mrs. [REDACTED]'s *essentials plus* membership was cancelled, and we issued a refund in the amount of \$199.95, representing the current year's membership fee. That credit posted to Mrs. [REDACTED]'s account on July 12, 2005. Although *essentials plus* did not market the Program to Mrs. [REDACTED], customer satisfaction is important to us. Accordingly, we issued three additional refunds in the amounts of \$179.95, \$109.95 and \$96.00, representing the prior years' membership fees. Those credits posted to Mrs. [REDACTED]'s account on August 23, 2005.

By copy of this letter, we wish to apologize to Mr. and Mrs. [REDACTED] for any misunderstanding and inconvenience this matter may have caused.

Sincerely,

Connie Zimmerman
Senior Manager of Client Sales Support


Melissa Eng
Correspondence Specialist

cc: Mr. and Mrs. [REDACTED]
[REDACTED] St.
[REDACTED], IA 51[REDACTED]

Jane [REDACTED]
[REDACTED] Road
Des Moines, IA 50310
(515) [REDACTED]

Tuesday, January 24, 2006

Barb Blake
Attorney General's Office
1305 E. Walnut
Des Moines IA 50319

Re: Unauthorized recurring billing from MWI, a/k/a Adaptive Marketing, LLC

Dear Barb,

I am writing to you about unauthorized credit card charges I received for something I never asked for. I have been charged over \$1000 by a company called Adaptive Marketing, and would like your help in getting my money back.

I noticed a charge for \$249.95 on my November 2005 MasterCard billing statement. The only information listed for the transaction was this: "AP9 Galleria USA 1-800-411-8104 CT." I could not figure out what that charge was for; I recalled seeing a similar charge on my statement in late 2004, but at the time, I guessed the \$249.95 was for a catalog purchase I'd made. I first called the issuing bank for my MasterCard, but they told me I needed to submit a dispute request in writing, and they would "try to look into it." They also warned me that they would only consider disputes within 60 days of the transaction.

On December 16, 2005, I called the toll-free number that was listed on my credit card statement (1-800-411-8104). I asked the Galleria representative what this charge was for. He explained that it was for a Dealpass account. When I told the representative that I had no Dealpass account, he assured me that I did, and that I had been a 'member' since October of 2001. I disputed this and told him I never signed up for or agreed to any such account, and said that I had never received any information about Dealpass. Next, I asked the representative how the Galleria/Dealpass company had acquired my name and credit card account information. The representative said that "it was probably a phone call for a 30-day trial." When I disputed this, the representative became quite belligerent and admonished me for not paying closer attention to my credit card statement.

During that conversation, I asked the Galleria/Dealpass representative if I had been charged \$249.95 each year since my supposed enrollment in 2001. The representative said that I had, as that was the yearly membership fee. When I said I wanted to be refunded for all fees charged because I never agreed to the membership, the representative told me he would cancel my membership, but could only refund the \$249.95 that was charged on my November 2005 statement, as it was too late to refund the past four years' fees. He once again reprimanded me for not keeping better track of my credit card transactions, and told me he would send information about the Dealpass in the mail so that I could see what it was all about.

I received that information 11 days later, on December 27. What I received was a brochure that touts "Year-round savings for all your shopping needs!" This brochure includes a membership card with my member ID number, which is [REDACTED], along with the website and phone number for Dealpass, which are www.dealpass.com and 1-800-411-8104 (the same number I called on December 16). This brochure was the first and only thing I ever received from Galleria. I never spoke to anyone on the phone to enroll for this program, or even knew anything about it until I noticed that charge on my credit card statement.

Upon reviewing the brochure, I see that Dealpass appears to be a savings program in which the member can receive certain discounts from a selected group of retailers. On the front of the brochure underneath the return address it says, "Please respond within 30 days. Upcoming charge for membership renewal." The return address given is: Galleria - P.O. Box 5152 - Des Plaines, IL - 60017-5152.

Attachment 8

After reviewing the brochure, I had my daughter, Wendee [REDACTED], search for Galleria and Dealpass on the Internet. First, she went to the Dealpass website and entered my member ID number. She told me that there was a message that stated, "Your membership in Galleria has been canceled per your membership terms. Your cancellation was processed on 1/1/2006." I thought that was interesting, since I called to cancel on 12/16/05.

Even more interesting was what else she found online after doing more research. When she dug deeper, she learned that Galleria was a member company of Adaptive Marketing, LLC out of Stamford, CT. She found many websites full of complaints about Adaptive Marketing and its member programs. It seems that I am not the only victim of their unauthorized billing practices.

My daughter went to the website for Adaptive Marketing and found their phone number: 1-800-962-4106. She called them for me several days ago and spoke to a representative who gave her name and agent ID as Lisa, #16503. She told Lisa who she was and that she was calling on my behalf. She also gave her the member ID number on the Dealpass card I had received. Next, she explained to Lisa that I was told I was "probably" enrolled over the phone. Then, she told Lisa that we would like to have a copy of the audio tape recording of the phone call in which I accepted the Dealpass membership. Lisa checked with her supervisor and then confirmed that they only archive audiotapes for 24 months, and since I was enrolled four years ago, they no longer had that tape. My daughter told her that it was a shame that they had no proof that I willingly enrolled into their program.

The last thing my daughter asked Lisa was why there was a discrepancy between the date I canceled my membership on the phone, and the date that the Dealpass website showed as my cancellation being processed. Lisa explained that she did show where I called on December 16 to cancel, but that it often takes a few days to process that information before it gets sent to the credit card companies as a refund. Lisa confirmed that I should see a credit for \$249.95 on my next MasterCard billing statement. When that statement came a few days ago, I was only credited \$226.70, not even the full amount they promised!

After my daughter spoke to Lisa at Adaptive Marketing, she called the Attorney General's office in Connecticut, since Adaptive Marketing is headquartered in Stamford. She was instructed to write and fax a letter like this one. Unfortunately, when she tried to follow up with them later on, she found that they were not responsive at all and seemed quite disinterested.

I understand that your office has a pending investigation into this company and their practices. With this in mind, I ask you to please help me recuperate the money they basically stole from me. Again, at no time did I willingly enroll into this Dealpass program, nor did I ever receive information about it (prior to the brochure I mentioned earlier), nor did I ever use its benefits. Based on what my daughter and I were told, **Galleria/Deal charged me a total of \$1249.75 since 2001. After the measly credit of 226.70, I have lost \$1023.05 to this band of thieves. This is what I would like you to help me get back.**

Please believe that I have learned a hard lesson and now pay much closer attention to my credit card statements! I ask you to also consider the fact that I am 77 years old and live on a fixed income. Any help you can give me would be greatly appreciated. If you need more information, please feel free to call me or my daughter. Here is our respective contact information:

Jane [REDACTED]
[REDACTED] Beaver Road
Des Moines, IA 50310
Home: 515-[REDACTED]

Wendee [REDACTED]
[REDACTED] Dr. # [REDACTED]
Palm Harbor, FL 34684
Home: 727-[REDACTED] / Work: 813-[REDACTED], x-[REDACTED]

Again, we appreciate your attention to this matter and thank you for your help.

Sincerely,

Jane [REDACTED]



RECEIVED
06 FEB 21 PM 3:13
CONSUMER PROTECTION DIV.

February 15, 2006

Ms. Barbara Blake
Investigator
State of Iowa Department of Justice
Consumer Protection Division
Hoover Bldg. 1305 E. Walnut
Des Moines, Iowa 50319

Re: Ms. Jane [REDACTED] - File # 2006-[REDACTED]

Dear Ms. Blake:

This is in response to your letter dated February 8, 2006, concerning a complaint filed by the above-referenced consumer.

Our records indicate that on November 26, 2001, Ms. Jane [REDACTED] was contacted on our behalf by a representative who explained our **Galleria** program (the "Program") to her and offered her a membership in the Program.

The representative explained the terms of the Program to Ms. [REDACTED], including that during the thirty-day trial period, she could use the benefits and she would not be charged for the Program until after the trial period. The representative also explained that Ms. [REDACTED] could cancel her membership during the trial period without incurring any cost by simply calling our toll-free number. Additionally, the representative was required to explain that membership in the Program would be renewed each year to ensure uninterrupted service, and that the then-current renewal fee would automatically be charged to Ms. [REDACTED]'s account. The representative advised Ms. [REDACTED] that she could cancel her membership at any time after the expiration of the trial period and receive a pro-rata refund of her current year's membership fee.

Our records indicate that Ms. [REDACTED] accepted the membership in the Program and provided her date of birth (March 8, 1928) as confirmation of her acceptance of the offer. Based on the acceptance, we mailed her membership materials that restated the terms of the Program and explained all its features.

On January 3, 2002, after the trial period ended, Ms. [REDACTED] was charged the \$139.95 annual membership fee for the Program. Over the next four years the membership was automatically renewed as per the terms of the Program, and on October 30, 2002, October 29, 2003, October 27, 2004 and October 27, 2005, Ms. [REDACTED] was charged the then-current membership fees of \$149.95, \$159.95, \$249.95 and \$249.95, respectively. On December 16, 2005, Ms. [REDACTED]'s **Galleria** membership was cancelled, and we issued a pro-rata refund in the amount of \$226.70, as per the terms of the Program. That


credit posted to Ms. [REDACTED]'s account on December 19, 2005. Because customer satisfaction is important to us, we issued additional refunds in the amounts of \$23.25, \$249.95, \$159.95, \$149.95 and \$139.95, representing the balance of the current year's membership fee and the prior years' membership fees. Those credits posted to Ms. [REDACTED]'s account on January 17, 2006.

Further, we are unable to provide the audio-taped confirmation of Ms. [REDACTED]'s acceptance of the enrollment as we only retain the audio-tape confirmations for 24 months in compliance with applicable law.

By copy of this letter, we wish to apologize to Ms. [REDACTED] for any misunderstanding and inconvenience this matter may have caused.

Sincerely,

Connie Zimmerman
Senior Manager of Client Sale Support


Melissa Engh
Correspondence Specialist

cc: Ms. Jane [REDACTED]
[REDACTED] Beaver Road
Des Moines, IA 50310

THOMAS J. MILLER
ATTORNEY GENERAL

CONSUMER PROTECTION DIVISION



Address Reply To:
HOOVER BLDG 1305 E. WALNUT
DES MOINES, IOWA 50319

TELEPHONE: 515-281-5926
TOLL FREE: 888-777-4590 (IN IOWA)
TELEFAX: 515-281-6771

Department of Justice

December 16, 2004

██████████
██████████ Grand Ave Apt █
Des Moines IA 50312

RE: survey

Dear ██████████:

The Attorney General's Office is gathering information from customers of a company known until recently as MWI or MemberWorks International. They have recently changed their name to VerTrue. This company has a number of membership programs, including MWI Essentials.

The company's records show that you are currently or have been recently their customer and have been paying for your membership on a credit or debit card.

Enclosed is a survey we would like you to complete. Please feel free to attach additional pages or send copies of documents you would like us to see. Please do not make any negative assumptions about this company simply because we are gathering this information. Our office sometimes has occasion to gather information regarding the practices of businesses that have many satisfied customers.

If you have any questions or concerns, please feel free to contact me at 515-281-6413. Thank you for your assistance.

Sincerely,

Barbara A Blake

BARBARA BLAKE
Investigator

Attachment 9

Pat [REDACTED]
[REDACTED] St
Dubuque, IA 52001

age: 71

program: Simple Escapes

credit card billings: 9-26-03 \$14.95
11-27-03 \$14.95
12-27-03 \$14.95
1-26-04 \$14.95
Refund \$14.95
2-25-04 \$14.95
Refund \$14.95
3-9-04 cancelled

Pat [REDACTED]
[REDACTED] Street Dubuque 52001
563 [REDACTED]

RECEIVED

05 JAN 14 PM 2:36

CONSUMER PROTECTION DIV.

1. How did you become a member?

I didn't order this

2. What do you recall about the original solicitation that resulted in your becoming a member?

nothing

3. Did you give authorization for MWI or MWI Simple Escapes to charge your credit card? *no & didn't*

4. What type of benefits did you receive upon becoming a member?

None

5. Have you used your membership? *no* If so, how?

6. What specific benefits have you used since you became a member? Please describe.

7. How long have you been a member?

8. Would you describe your experience with this company as favorable? If so, please describe.

I didn't realize I was a member for several months when I checked my credit card bill. I then phoned them and they stopped doing it.

Please provide any additional details or comments on the other side of this page or feel free to attach additional pages. Please return this completed form to our office in the enclosed self-addressed envelope, no postage needed. If you have any questions, please call Consumer Protection Investigator Barb Blake at 515-281-6413. Thank you for your assistance.

over

When I phoned them they sent me coupons with it. They weren't anything I could use in this part of the country. It really angers me that I got taken as I never ordered this as far as I'm concerned this was a total rip-off. They did refund my money however.

Sincerely

Pat 

I'm sorry this is so late, because of the holidays

Barbara [REDACTED]
[REDACTED] Ave [REDACTED]
Coggon, IA 52218

age: 76

program: Essentials

credit card billings: 4-18-03 \$12.95
6-23-03 \$12.95
7-23-03 \$12.95
Refund \$12.95
Cancel 8-5-03

Barbara [REDACTED]
[REDACTED] Avenue [REDACTED] Coggon 52218
319 [REDACTED]

RECEIVED

05 MAR -2 PM 2:31

CONSUMER PROTECTION DIV.

1. How did you become a member?

I didn't know anything about a membership.

2. What do you recall about the original solicitation that resulted in your becoming a member?

They never solicited me. They just somehow got it on my bill whether through help of the "Handy Chef" Co. or who.

3. Did you give authorization for MWI or MWI Essentials to charge your credit card?

No

4. What type of benefits did you receive upon becoming a member?

Nothing but bother.

5. Have you used your membership? *No* If so, how?

6. What specific benefits have you used since you became a member? Please describe.

I never got anything that said I was a member of MWI Essentials.

7. How long have you been a member? *never*

8. Would you describe your experience with this company as favorable? If so, please describe.

No. I hope I never have anything more like that.

Please provide any additional details or comments on the other side of this page or feel free to attach additional pages. Please return this completed form to our office in the enclosed self-addressed envelope, no postage needed. If you have any questions, please call Consumer Protection Investigator Barb Blake at 515-281-6413. Thank you for your assistance.

Barbara [redacted]
[redacted] Ave.
Coggon, Ia, 52218
Ph. 319- [redacted]

I ordered a set of pans like for cooking and draining spaghetti from "Handy Chef" and received it on 5/14/03 bill. On 6/13 I was credit payment on that. I also had a billing by the M W I Essentials Co. for \$12.95. I didn't think I had ordered anything else so I wanted to see & finally paid it on 6/27/03, I received nothing or no explanation as to what it was. I then called the Co. and told them I hadn't ordered and wanted my money refunded. "Jennifer" told me as she worked and ^{she} had it cancelled.

The 7/15/03 billing showed \$12.95 taken off but another \$12.95 was added so I checked on 8/26 and was told there was nothing on my account so I thought it was cancelled. 8/14 I got one credit but another \$12.95 for a balance. On 9/15/03 statement I was charged \$12.95 + .12 finance charge. I called the 1st state bank in Manchester, Ia. where I had the credit card.

They worked and called and tried to get it straightened out. They finally told me that I owed the \$12.95 to them and that was the end of it. I paid \$12.95 then but I still say I never ordered anything and never received anything but a run-around! I really should have known better. I wish another ^{time}.

Doris [REDACTED]
[REDACTED] St
Panora, IA 50216

age: 69

program: Connections

credit card billings: 4-19-03 \$12.95
Refund \$12.95
6-24-03 \$12.95
Refund \$12.95
7-24-03 \$12.95
Refund \$12.95
8-23-03 \$12.95
Refund \$12.95
9-22-03 \$12.95
Refund \$12.95

RECEIVED

04 DEC 20 PM 2:15

CONSUMER PROTECTION DIV.

Doris [REDACTED]
[REDACTED] Street Panora 50216
641 [REDACTED]

1. How did you become a member?

I didn't know I was a member of anything like this. I don't even know what it pertains to.

2. What do you recall about the original solicitation that resulted in your becoming a member?

I don't recall being solicited, although I receive a lot of telemarketer calls.

3. Did you give authorization for MWI or MWI Connections to charge your credit card?

No.

4. What type of benefits did you receive upon becoming a member?

I haven't rec'd any benefits of any kind from anywhere.

5. Have you used your membership? No If so, how? *To my knowledge I'm not a member.*

6. What specific benefits have you used since you became a member? Please describe.

7. How long have you been a member? *I am not a member.*

8. Would you describe your experience with this company as favorable? If so, please describe.

No experience with this company.

And I don't want anything to be charged to my credit card, period.

Please provide any additional details or comments on the other side of this page or feel free to attach additional pages. Please return this completed form to our office in the enclosed self-addressed envelope, no postage needed. If you have any questions, please call Consumer Protection Investigator Barb Blake at 515-281-6413. Thank you for your assistance.

MEMO

TO: MWI File

FROM: Barb Blake

DATE: April 30, 2005

RE: survey results

ESSENTIALS

*100 surveys sent
11 returned via post office

= 89

23 surveys returned by consumers (25%)
17 of 23 "totally unauthorized or unaware"
5 of 23 "aware but never used and cancelled"
1 of 23 "unauthorized and cancelled when she saw chg on cc"

CONNECTIONS

*99 surveys sent
6 returned via post office

= 93

19 surveys returned by consumers (20%)
13 of 19 "totally unauthorized or unaware"
4 of 19 "aware but never used and cancelled"
1 of 19 "somewhat unaware and never used"
1 of 19 "unsure and contacted MWI after receiving survey"

HOMEWORKS

*100 surveys sent
7 returned via post office

= 93

19 surveys returned by consumers (21%)

10 of 18 "totally unauthorized or unaware"

6 of 18 "aware but never used and cancelled"

1 of 18 "doesn't recall but assumes she said yes"

1 of 18 "bought 2 gift cards but felt coerced into it and felt she pd more than she benefitted"

1 of 18 "didn't ask to become a member and cancelled before being charged"

SIMPLE ESCAPES

*98 surveys sent
2 returned via post office

= 96

27 surveys returned by consumers (29%)

13 of 27 "totally unauthorized or unaware"

8 of 27 "aware but never used and cancelled"

5 of 27 "unauthorized charge"

1 of 27 "consumer passed away"