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NEWS RELEASE

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Direct Marketing Company Settles \$8.5 Million Automatic Payment Renewals Lawsuit

Los Angeles County District Attorney Jackie Lacey announced today that direct marketing company Guthy-Renker LLC has agreed to pay \$8.5 million and change its sales practices to settle a civil lawsuit alleging unlawful automatic payment renewals.

“As new technologies are changing the consumer environment, we must ensure that businesses do not abuse these tools,” District Attorney Lacey said. “This settlement will help protect the public from unauthorized payment renewals and should serve as a warning to other companies that would violate consumer protections.”

Prosecutors with the District Attorney’s Office and other members of the California Auto Renewal Task Force (CART) found that the company didn’t properly disclose automatic charges resulting from Wen hair care products and Proactiv acne prevention purchases made on their websites. Under state and federal law, online businesses must clearly and conspicuously disclose all automatic renewal charges and terms and get affirmative consent of those recurring charges from the consumer.

Santa Clara County Superior Court Judge Helen E. Williams approved the settlement on Feb. 1.

The El Segundo-based firm will pay \$1.2 million in penalties and up to \$7.3 million in restitution to customers who had automatic charge renewals without their consent.

Those eligible for restitution are Wen customers who were charged after May 2012 and Proactiv customers who were charged between July 2014 and August 2016. Guthy-Renker will send out restitution notices to affected customers.

Under the terms of the settlement, the company is required to:

- Clearly and conspicuously disclose the automatic-renewal terms;

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

The other members of CART are the Santa Monica City Attorney's Office and the Santa Clara County, San Diego County and Santa Cruz County district attorney's offices.

[About the Los Angeles County District Attorney's Office](#)

Los Angeles County District Attorney Jackie Lacey leads the largest local prosecutorial office in the nation. Her staff of nearly 1,000 attorneys, 300 investigators and 800 support staff members is dedicated to protecting our community through the fair and ethical pursuit of justice and the safeguarding of crime victims' rights.