



NEWS RELEASE

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Attorney General Jackley Announces FTD, Classmates.com to Pay \$11M Over Deceptive Practices Allegations

PIERRE – Attorney General Marty Jackley along with the Attorneys General of 21 states announced today that Classmates, Inc. (“Classmates”), along with Florists’ Transworld Delivery, Inc. and FTD.com Inc. (collectively “FTD”), have agreed to pay \$11 million to settle allegations that the companies engaged in misleading advertising and billing practices. South Dakota share in this settlement was \$184,895.07.

“Consumers have the basic right and expectation of full disclosure of terms of service from the companies they do business with and when these companies fail to do just that, they need to be held accountable for their actions,” said Jackley. “This settlement provides a remedy to return money to the consumer as well as put safeguards in place to prevent these practices in the future.”

The Attorneys General allege Classmates and FTD engaged in misleading, unfair, and deceptive practices in violation of state consumer protection laws. Specifically, the Attorneys General’s investigation focused on the companies’ relationships with third-parties who used negative option marketing practices to sell membership programs to consumers doing business online with Classmates and FTD.

These third-party marketers offered programs such as discount buying clubs and travel rewards programs, often immediately after the consumer’s online transaction with Classmates or FTD. Unbeknownst to the consumer, Classmates and FTD would share consumers’ personal information, including credit card account numbers so that the consumer could be billed for these offers if they did not cancel.

Today’s agreement includes a number of terms to ensure that consumers knowingly consent to the purchase of any membership program offered by a marketing partner of Classmates or FTD, including the following injunctive terms:

- A prohibition against misrepresenting the reason for requesting a consumer’s account information.
- Classmates/FTD’s marketing partners cannot use FTD and Classmates’ names or logos in the title of a membership program, and any offer must be made after the consumers have concluded their transactions with Classmates or FTD, in order to ensure that consumers understand they are receiving a separate and distinct offer from a company other than FTD and Classmates.
- Before consumers are transferred to a marketing partner to receive a trial offer, the consumers must receive clear and conspicuous disclosures informing them that they will be transferred to another site to receive a membership offer and the consumers must

consent to the transfer.

- Classmates/FTD and its marketing partners cannot state an offer is “free” or “risk free” if the offered program will convert to a paid subscription.
- Classmates/FTD are generally prohibited from making misrepresentations and material omissions, including making any misrepresentations concerning the reason or purpose for which a consumer is receiving an offer for enrollment in a membership program.

The Attorneys General also investigated Classmates’ renewal and cancellation practices in connection with its own social network subscription services offered to consumers through its website, Classmates.com. The Attorneys General allege Classmates failed to adequately inform consumers that their subscriptions would automatically renew and made it difficult for consumers to cancel their subscriptions. Under today’s settlement, Classmates has agreed to make significant changes to its business practices, including more clearly disclosing to consumers that their Classmates subscriptions will automatically renew and making it easier for consumers to cancel their subscriptions.

South Dakota consumers who believe they are eligible for Classmates subscription refunds are urged to file a complaint with the Consumer Protection Division at consumerhelp@state.sd.us or by calling 800-300-1986 before August 24, 2015. Consumers who previously filed complaints regarding Classmates’ renewal and cancellation practices may also receive restitution under the settlement.