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For Immediate Release

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# Wine Home Delivery Companies Settle Consumer Protection Lawsuit with DA

## *Companies to Pay \$350K in Civil Penalties and Change Sales Practices*

The San Diego County District Attorney's Office and four other prosecutorial agencies announced today that Direct Wines, Inc., and Wine Awesomeness, LLC, have settled a consumer protection lawsuit alleging that the companies automatically renewed membership subscriptions in violation of state law.

In California, businesses must clearly and conspicuously disclose all automatic renewal charges and terms as well as obtain affirmative consent for those recurring charges from consumers. Prosecutors said the violations involved wines sold by Delaware-based Direct Wines, a wine club marketing company, and Wine Awesomeness, a South Carolina wine retailer, which allowed people to subscribe to wine bottle home deliveries.

**"Our office is committed to making sure consumers are protected from auto-renewals that are buried in fine print and take their hard-earned money," said District Attorney Summer Stephan. "Companies should know that automatically renewing customer payments, without the consumer's express prior consent, violates the law."**

The San Diego, Los Angeles, Santa Clara and Santa Cruz County District Attorney's Offices and the Santa Monica City Attorney filed lawsuits against Direct Wines and Wine Awesomeness in Los Angeles County Superior Court. On February 14, Judge Maureen Duffy-Lewis approved the settlement with Wine Awesomeness in case number 19STCV43732. On February 18, Judge Steven J. Kleinfeld approved the settlement with Direct Wines in case number 19STCV43987.

Under the terms of the settlements, Direct Wines and Wine Awesomeness have agreed to pay \$350,000 and \$15,000, respectively, in civil penalties and costs, and change their sales practices. Additionally, the companies must:

- Clearly and conspicuously disclose its automatic-renewal terms;
- Charge a consumer's credit or debit card or account only when a consumer's consent has been obtained through a checkbox, signature, express consent button or other substantially similar

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mechanism that must be selected to give consent, in compliance with the automatic renewal offer terms;

- Provide confirmation of the transaction after the contract is made;
- Provide a toll-free telephone number, email address, a postal address or another cost-effective, time, and easy-to-use mechanism for cancellation;
- Allow consumers who accept an automatic renew or continuous service to terminate the contract online; and
- All cancellations must be effective upon request.

The violations involving Direct Wines occurred between September 1, 2013, and September 27, 2017. Violations involving Wine Awesomeness occurred between August 7, 2017, and June 20, 2018. The defendants did not admit wrongdoing in the stipulated judgments but worked cooperatively with prosecutors to amend their business practices to ensure compliance with the state's automatic renewal laws.

In 2015, the San Diego County District Attorney's Office joined the Los Angeles County District Attorney's Office in forming the California Automatic Renewal Task Force (CART) with Santa Clara and Santa Cruz district attorney's offices, and the Santa Monica City Attorney's Office. The goal of CART is to address the automatic renewal issues that have troubled many consumers when they purchase goods and services online. CART finds that some businesses do not properly disclose to their customers that their subscriptions would be automatically renewed until canceled by the customers. Such deficient disclosure is not limited to a particular industry.

In addressing the disclosure issues in California's wine industry, CART has joined forces with the California Department of Alcohol and Beverage Control to set forth automatic renewal disclosure guidelines for wine clubs.

San Diego County Deputy District Attorneys Thomas A. Papageorge and Stephen M. Spinella with the Consumer Protection Division handled this case for the San Diego County District Attorney's Office.

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#### **About the San Diego County District Attorney's Office**

*The San Diego County DA's Office prosecutes all felony crimes in the county and misdemeanor crimes committed outside the City of San Diego. The office files about 40,000 criminal cases a year and balances prosecution with numerous crime prevention programs. District Attorney Summer Stephan leads the office of more than 1,000 dedicated employees who pursue fair and equal justice, and support victims daily across San Diego County.*

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