

**IN THE MATTER OF  
THE FAIR TRADING ACT**

**THIS UNDERTAKING** is made pursuant to Section 152 of the Fair Trading Act.

**BY:**                   **The Reader's Digest Association (Canada) Ltd.**  
1100 René-Lévesque Blvd. West  
in the City of Montreal, in the Province of Quebec  
  
(hereinafter called the "**Supplier**")

**TO:**                   **The DIRECTOR OF FAIR TRADING**  
  
(hereinafter called the "**Director**")

**WHEREAS:**

- (A) The Supplier carries on the business of selling subscriptions for magazines, books and other merchandise to consumers in the Province of Alberta.
- (B) During the period of November 1999 to June 2001, the Supplier, in the ordinary course of its business, through its agents, employees, or representatives did renew yearly magazine subscriptions which its consumers may not have requested and did invoice the consumers for these renewed subscriptions, contrary to the negative option provisions of the Fair Trading Act.
- (C) The Director asserts that he has reason to believe that the acts or practices of the Supplier described in recital (B) constitute breaches of the Fair Trading Act.
- (D) The Director acknowledges that the Supplier has informed the Department that it has implemented measures to address the concerns subject of this Undertaking and has provided specific instruction to its agents, employees, or representatives to ensure future compliance with Section 23 of the Fair Trading Act.

**NOW THEREFORE THIS UNDERTAKING WITNESSES THAT:**

1. The Supplier acknowledges and admits that it has failed to comply with the Fair Trading Act and undertakes to the Director that it will not knowingly nor intentionally, at any time hereafter the date of execution of the present Undertaking, engage in acts or practices similar to those described in recital (B) and Section 23 of the Fair Trading Act.
2. The Supplier will, to the best of its ability, ensure that all of its officers, partners, employees, representatives and agents are forthwith acquainted with the requirements of the Fair Trading Act especially as it pertains to Part 2 – Unfair and Negative Option Practices.
3. The Supplier will pay to the Director, for deposit with the Provincial Treasurer of Alberta, the sum of \$11,000.00; an amount that represents a portion of the costs associated with investigating this matter. Such payment is to be made within 10 days from the date of this Undertaking.
4. The Supplier shall not automatically renew any subscription or offer any automatic subscription renewal service, unless at the beginning of the subscription, the subscription offer:
  - (a) Affirmatively notified a prospective subscriber in a clear and conspicuous manner that by agreeing to the subscription offer, the person also agrees to such renewal or automatic renewal of the subscription.
  - (b) Clearly and conspicuously discloses all material terms of the renewal or automatic renewal feature of the offer either on the front or reverse side of a document or device which the recipient must act upon or return in order to make a purchase, provided, however, that if the disclosure is made on the reverse side of the document or device, there shall be a statement on the front of the document or device referring the person to the reverse side for details and such statement shall expressly refer to the automatic renewal feature of the offer. In addition, if the Supplier elects to assign a title to the summary of terms which shall include the automatic renewal feature of the offer, such title shall also expressly refer to the automatic renewal feature of the offer by including within the title, the terms "automatic renewal" or "continuous renewal" or other similar terms signifying that the subscription will be renewed without further action by the consumer. Any time the automatic renewal feature is referred to by its title, it shall be referred to by the same title.
  - (c) If a subscription is sold with an automatic renewal feature, the Supplier shall send notice of the intent to renew the subscription at least 30 days before actually renewing the subscription. Such notice shall inform consumers that they can cancel at any time and provide instructions on how to do so. Such notice may not provide a consumer another opportunity to enter a Sweepstakes.
  - (d) The Supplier shall also indicate with its first bill for an automatic renewal of a subscription that consumers can cancel without incurring any charges and provide instructions on how to do so.


- (e) The Supplier shall not attempt to collect money from consumers for automatic subscription renewals which do not conform to this provision and to state law applicable to unsolicited goods.
5. The Supplier will use its best efforts to identify Albertan subscribers who began subscribing after the Fair Trading Act came into force and will write them to confirm that they wish to continue their subscription(s) and will provide proof of same to the Director of Consumer Services Division within a reasonable time; such proof will be in the form of a template letter and a list of names, addresses and telephone numbers of all subscribers notified herein.
6. The Supplier shall publicize the contraventions under the Fair Trading Act in the Calgary Herald and the Edmonton Journal within 20 days of this Undertaking. The advertisement shall be to the satisfaction of the Director of Consumer Services Division.
7. This Undertaking will be binding upon the Supplier and its successors and assigns unless:
- (a) terminated by the Director or varied with the consent of the Supplier;
  - (b) varied by an Order of the Judge of the Court of Queen's Bench where the Judge is satisfied that the circumstances warrant varying the provisions of the Undertaking;
  - (c) terminated by an Order of a Judge of the Court of Undertaking; or Queen's Bench where the Judge is satisfied that the act or practice that the Supplier has undertaken to refrain from engaging in was not unfair; however, in any such case, the termination or variance does not invalidate anything done under this Undertaking prior to termination or variance.
8. The Supplier acknowledges that the Director may, upon breach by the Supplier of any term of the Undertaking, institute such proceedings and take such action under the Fair Trading Act as he may consider necessary.

**IN WITNESS WHEREOF** the Supplier, has on the January 3, 2002 caused its common seal to be hereunto affixed and attested by the signatures of its proper officers duly authorized in that behalf.

**THE READER'S DIGEST ASSOCIATION (CANADA) LTD.**

PER:   
Barbara Robins – Vice President and Legal Counsel

ACCEPTED by the Director of Fair Trading this 9<sup>th</sup> day of JANUARY, 2002.

  
Mr. Rob Phillips  
Director of Fair Trading – Province of Alberta

## READER'S DIGEST CANADA

The Director of Fair Trading (Ministry of Government Services) has informed us that he believes that the manner in which we have provided continuous magazine subscriptions failed to comply with the negative option provisions of the *Fair Trading Act* which came into force on September 1st, 1999. Reader's Digest acknowledges that, in some instances, it renewed yearly magazine subscriptions which its consumers may not have requested and invoiced those consumers for these renewed subscriptions.

Reader's Digest Canada has undertaken various appropriate measures to address the Director's concerns and subscribers who commenced their subscriptions as of September 1st, 1999 will be asked to confirm their desire to receive their subscriptions on a regular basis. Subscribers who have any questions with regard to their subscriptions may contact Reader's Digest Canada at: **1-800-465-0780** or **[www.readersdigest.ca](http://www.readersdigest.ca)**