

Readers Digest Settles \$8.2M Michigan State Privacy Claim

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The publisher of *Reader's Digest Magazine* recently agreed to settle a class action suit brought under a Michigan state law for \$8.2 million. Michigan's Preservation of Personal Privacy Act (PPPA) prohibits businesses, *inter alia*, from disclosing to a third party any personal information that identifies a customer as having bought or rented written materials (as well as sound or video recordings) without the customer's written consent. An exception exists if the disclosure is for the sole purpose of advertising goods or services directly to the customer, so long as the customer is advised of the information sharing and given an opportunity to opt out.

In *Taylor et al v. Trusted Media Brands, Inc.*, the plaintiff alleged that the *Reader's Digest* publisher sold its subscribers' personal and demographic information to third party data miners without consent or notice. The complaint alleged that such disclosure constituted a violation of Michigan's laws. The information disclosed was used by advertisers as part of targeted marketing campaigns, and allowed for targeting based on demographic groupings like religion, political affiliation, and age.

Despite Trusted Media Brands, Inc.'s pending motion to dismiss, the class and the defendant reached a tentative settlement agreement through mediation. Under the proposed terms, each class member would receive an average settlement of \$50. According to the plaintiff, this is the largest amount ever agreed to in a PPPA case under Michigan law.

TIP: This case suggests that class action attorneys are finding ways—including state laws—to pursue companies who are engaged in the sale of demographic-based mailing lists. Companies buying (or selling) such information should keep this in mind.

1 Min Read

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