| 1 | ROB BONTA | |
|----|---|---|
| 2 | Attorney General of California NICKLAS A. AKERS | |
| 3 | Senior Assistant Attorney General MICHAEL ELISOFON, SBN 240707 | |
| 4 | Supervising Deputy Attorney General | |
| 5 | DANIEL OSBORN, SBN 311037 Deputy Attorney General | |
| 6 | 1300 I Street Sacramento, CA 95814 | |
| 7 | Telephone: (916) 210-7760 E-mail: Daniel.Osborn@doj.ca.gov | NO FEE PURSUANT TO |
| 8 | Attorneys for the People | GOVERNMENT CODE § 6103 |
| 9 | | |
| 10 | CUREDIOD COURT OF THE | |
| 11 | SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF SAN FRANCISCO | |
| 12 | | |
| 13 | | 1 |
| 14 | PEOPLE OF THE STATE OF CALIFORNIA, | Case No. |
| 15 | Plaintiff, | COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF |
| 16 | v. | (BUS. & PROF. CODE, §§ 17200 et seq.; |
| 17 | | 17500 et seq.) |
| 18 | T-MOBILE USA, INC., Defendants. | |
| 19 | Defendants. | |
| 20 | | |
| 21 | COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF | |
| 22 | 1. Plaintiff, the PEOPLE OF THE STATE OF CALIFORNIA ("Plaintiff" or "the | |
| 23 | People"), by and through Rob Bonta, Attorney General of the State of California, brings this | |
| 24 | action against Defendant, T-Mobile USA, Inc. ("T-Mobile" or "Defendant"), for violating the | |
| 25 | California Unfair Competition Law ("UCL") (Bus. & Prof. Code § 17200 et seq.) and the | |
| 26 | California False Advertising Law ("FAL") (Bus. & Prof. Code § 17500 et seq.), and alleges the | |
| 27 | following on information and belief. | |
| 28 | | 1 |

JURISDICTION AND VENUE

2. Defendant has transacted business within the State of California, including in the County of San Francisco, at all times relevant to this complaint. The violations of law described herein occurred in the County of San Francisco and throughout the State of California.

DEFENDANT

3. Defendant is T-Mobile USA, Inc., a corporation, and its respective brands, subsidiaries, and successors and assigns.

T-MOBILE'S DECEPTIVE ACTS AND PRACTICES

- 4. T-Mobile is one of the largest providers of wireless cellphone and data service in the United States. In 2020, T-Mobile acquired Sprint, assuming its liabilities. The wireless industry is intensely competitive, and major wireless carriers such as T-Mobile aggressively advertise their wireless offerings in search of customers. This advertising spans a wide variety of media, including television, radio, print, and the internet.
- 5. In an effort to remain competitive, T-Mobile¹ has misrepresented its wireless offerings in the following ways:
 - Unlimited Data Claims: T-Mobile has advertised that it offers plans with "unlimited" data, meaning that there is no limit to the wireless data consumers may use when calling, texting, surfing the internet, or engaging in other activities that require data use. "Unlimited" plans, however, may feature caps on consumer data usage. Where a consumer breaches a set threshold of data use, the carrier may throttle the speed at which it provides data service to the consumer, serving as a very real limit on the consumer's data use. For example, a consumer who exceeds their "unlimited" data threshold may experience a decline in data speed that hinders their ability to stream high quality video or quickly navigate the internet during periods where the carrier throttles the consumer's data speeds, even if the consumer may still use other functions that require less data.

¹ Prior to T-Mobile's acquisition of Sprint, Sprint also made similar misrepresentations regarding its wireless offerings.

- Switch-and-Save Claims: T-Mobile has also made switch-and-save claims, promising to pay early-termination fees charged by rival carriers if a consumer switches to T-Mobile. Taking advantage of switch-and-save claims, however, can be complicated. Consumers may be required to fill out transfer paperwork or to submit documentation from their prior wireless provider to take advantage of the savings, which some consumers fail to do because they do not understand these steps. In other circumstances, the consumer must shoulder the cost of cancellation or termination fees for many weeks until they receive the rebate from their new carrier, or receive credits that they can only apply toward products and services provided by their new carrier.
- **Discounted Services Claims:** T-Mobile has also advertised that they will beat the rate paid by the consumer to a competitor. These claims can be deceptive, however, because they sometimes compare competing plans that are more akin to an apples-to-oranges than an apples-to-apples comparison.
- Free or Discounted Device Claims: T-Mobile has run promotions promising a "free" device when a consumer signs up for a certain service. However, in order to receive a "free" device, consumers may be required to pay hidden fees, purchase a qualifying predicate device before they can receive the free device, or stay enrolled in a plan for a predetermined period of time.
- **Device Leases:** Prior to its acquisition by T-Mobile, Sprint sometimes represented that a consumer was "receiving" or "purchasing" a device, when in reality, the consumer entered into a lease for the device. Mischaracterizing a lease as a purchase is deceptive. Whereas a purchase agreement leads to outright ownership by the consumer after the consumer makes all scheduled payments, leases may require the consumer to either return or buy the device after all scheduled lease payments. Some lease claims are related to Sprint's "free" device claims, as Sprint provided some "free" devices in the form zeroed-out lease agreements that required the consumer to either return or purchase the device after making the specified number of zeroed-out lease payments.

VIOLATIONS OF LAW

FIRST CAUSE OF ACTION: CALIFORNIA UNFAIR COMPETITION LAW

- 6. The People reallege and incorporate each and every allegation contained in the preceding paragraphs 1 through 5, inclusive, as though set forth here in full.
- 7. Defendants have engaged in business acts or practices that were unlawful, unfair, deceptive, or misleading, and therefore violated Business and Professions Code section 17200. These acts and practices include material misrepresentations and/or omissions regarding the wireless services provided by T-Mobile, including but not limited to, statements regarding: unlimited data claims, switch-and-save claims, discounted service claims, free or discounted device claims, and device leases. These misrepresentations and/or omissions were material and likely to deceive a reasonable T-Mobile customer or prospective customer.

SECOND CAUSE OF ACTION: CALIFORNIA FALSE ADVERTISING LAW

- 8. The People reallege and incorporate each and every allegation contained in the preceding paragraphs 1 through 7, inclusive, as though set forth here in full.
- 9. Defendants have engaged in business acts or practices that constitute violations of Business and Professions Code section 17500. These acts and practices include making misrepresentations and/or omissions regarding the wireless services provided by T-Mobile, which Defendants knew, or by the exercise of reasonable care should have known, were untrue or misleading at the time Defendants made them. These misrepresentations and omissions include, but are not limited to, statements regarding: unlimited data claims, switch-and-save claims, discounted service claims, free or discounted device claims, and device leases. These misrepresentations and/or omissions were material and likely to deceive a reasonable T-Mobile customer or prospective customer.

PRAYER FOR RELIEF

WHEREFORE, the People of the State of California respectfully request that this honorable Court enter an order: