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ENDORSED  
FILED  
Superior Court of California  
County of San Francisco

MAY 12 2015

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Deputy Clerk

[EXEMPT FROM FILING FEES  
PURSUANT TO GOVERNMENT  
CODE SECTION 6103]

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 COUNTY OF SAN FRANCISCO

13  
14  
15 **PEOPLE OF THE STATE OF**  
**CALIFORNIA,**

16 Plaintiff,

17 v.

18 **SPRINT CORPORATION, a corporation,**

19 Defendant.  
20

Case No.

**CGC 15-545778**

**COMPLAINT FOR INJUNCTIVE AND  
OTHER RELIEF**

(BUS. & PROF. CODE, § 17200 et seq.)

21  
22 **COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

23 1. Plaintiff, the PEOPLE OF THE STATE OF CALIFORNIA, by Kamala D. Harris,  
24 Attorney General of the State of California, ("Plaintiff" or "the People") brings this action against  
25 Defendant SPRINT CORPORATION ("Sprint," "Defendant" or "Carrier") for violating the  
26 California Unfair Competition Law (Bus. & Prof. Code § 17200 et seq.), and alleges the  
27 following on information and belief.  
28



1           8.    Sprint has retained a portion of each charge for Third-Party Subscriptions paid by  
2 consumers, in some cases as high as a 40% of the amount paid. Sprint's practices have caused  
3 consumers millions of dollars of injury.

4                                   **SPRINT'S UNFAIR AND DECEPTIVE ACTS AND PRACTICES**

5           9.    Sprint participated in deceptive and unfair acts or practices in violation of California  
6 Business and Professions Code Section 17200, by including unauthorized charges on the  
7 telephone bills of its mobile phone customers.

8           10.   Sprint markets its telephone and data services to consumers. Sprint's sales  
9 representatives often discuss these services only, and not purported third-party services, with  
10 consumers. Sprint's contracts make clear and prominent representations about the services it  
11 provides, whereas information about third-party services is buried in lengthy terms and conditions  
12 of its service contract.

13           11.   Sprint has not obtained authorization from consumers before charging them for  
14 Third-Party Subscriptions. Instead, the third-party merchants or billing intermediaries  
15 purportedly have obtained authorization. In many cases, however, these third parties have failed  
16 to obtain authorization from consumers.

17           12.   Sprint's bills include charges for its own services and third-party services, and Sprint  
18 has not conspicuously disclosed the third-party charges to consumers. Sprint's Terms and  
19 Conditions did not differentiate between its own charges and those of third parties. Non-payment  
20 subjected customers to potential, late fees, service termination, collections, and reporting to credit  
21 bureaus. Customers had to pay unauthorized third-party charges unless Sprint elected to provide  
22 refunds, which it often did not.

23           13.   The third-party charges are not broken out separately in the bill summary, but have  
24 been lumped together under a generic descriptor, which may include both third-party charges and  
25 other charges, such as for texting, with the total transferred to the total amount due in full by a  
26 specific date. Many consumers believe they are obligated to pay Sprint for all charges appearing  
27 on their phone bills.

1           14. Bills have not provided detailed information to the consumer about the nature of  
2 recurring Third-Party Subscriptions that the consumer purportedly authorized. In some cases,  
3 even in detailed sections of the bill, the third-party subscriptions have been listed under a general  
4 category.

5           15. Some consumers who become aware of unauthorized charges have complained to  
6 Sprint that they did not authorize the charges. Despite knowing about these complaints of  
7 unauthorized charges, Sprint did not take sufficient steps to determine whether consumers  
8 actually authorized the charges for Third-Party Subscriptions purportedly offered by problematic  
9 third-party merchants.

10          16. When consumers have sought refunds for unauthorized charges from Sprint, Sprint  
11 frequently has refused to provide them. In some instances, Sprint only offered instructions on  
12 how to block future third-party charges.

13          17. In other instances, Sprint has instructed consumers to seek a refund directly from the  
14 third-party merchant, while failing consistently to provide accurate contact information for the  
15 third-party merchant.

16          18. Sprint has often asserted that consumers authorized the charge, despite the fact that  
17 Sprint did not have records of the purported authorization. Sprint has even told consumers who  
18 called to complain about unauthorized charges that the consumers had authorized the charges by  
19 not actively declining a solicitation by a third-party merchant.

20          19. Even when some refund is provided, Sprint has refused to grant a full refund, but has  
21 granted a partial refund.

22          20. After receiving complaints that consumers did not authorize particular subscriptions,  
23 Sprint continued to charge other consumers for such subscriptions, without obtaining  
24 authorization from them, notifying consumers of upcoming charges, confirming charges with  
25 consumers, or including additional information on consumers' phone bills regarding the  
26 subscriptions.

27          21. Industry auditors have monitored the online advertising of third-party merchants that  
28 purportedly offer Third-Party Subscriptions, and Sprint has received audits and "alerts" from

1 these industry auditors. These auditors' alerts have provided examples of deceptive marketing by  
2 third-party merchants to obtain consumers' phone numbers and purportedly enroll them in a  
3 monthly subscription. Yet Sprint has continued to charge consumers for the recurring Third-  
4 Party Subscriptions offered by those merchants identified by the auditors, including subscriptions  
5 the alerts specifically identified as failing to obtain valid authorization from the consumers.

6 22. Sprint has also continued to charge consumers for Third-Party Subscriptions  
7 purportedly offered by third-party merchants that were the subject of law enforcement actions  
8 regarding cramming practices.

9 23. Refund rates for certain merchants ranged from 20-50%. Though extremely high,  
10 those rates likely understate the problem because many customers never learned about the  
11 unauthorized charges, and when they did, Sprint often refused to provide full refunds.

12 24. Despite the high refunds rates for certain merchants, Sprint rarely terminated their  
13 access to its customers and billing system. Rather, after several years with limited compliance  
14 measures, Sprint devised a system of financial incentives and penalties to encourage billing  
15 aggregators to keep refund rates below certain thresholds. Because billing aggregators received  
16 more money if merchants generated more charges, they had an incentive to increase transaction  
17 volume, while hiding unauthorized charges to keep refund rates below the thresholds.

## 18 VIOLATIONS OF LAW

### 19 CALIFORNIA UNFAIR COMPETITION LAW

20 25. The People reallege and incorporate each and every allegation contained in the  
21 preceding paragraphs 1 through 24.

22 26. Sprint, in the course of providing mobile telephone services, has engaged in business  
23 acts or practices that were unlawful, unfair, deceptive, or misleading, and therefore violated  
24 section 17200 of the California Unfair Competition Law (Bus. & Prof. Code § 17200) by  
25 including unauthorized third-party charges on the telephone bills of its mobile phone customers.  
26 Sprint has represented, expressly or by implication, that the charges appearing on Sprint's phone  
27 bills were for Sprint's services authorized by the consumer, even when the charges were  
28 unauthorized charges for Third-Party Subscriptions.

1 **PRAYER FOR RELIEF**

2 WHEREFORE, Plaintiff prays for judgment as follows:

3 1. Pursuant to Business and Professions Code section 17203, that Sprint Corporation, its  
4 successors, agents, representatives, employees, and all persons who act in concert with Sprint, be  
5 permanently enjoined from committing any unlawful, unfair or fraudulent acts of unfair  
6 competition in violation of Business and Professions Code section 17200 as alleged in this  
7 complaint;

8 2. Pursuant to Business and Professions Code section 17206, that the Court assess a civil  
9 penalty of \$2,500 for each violation of Business and Professions Code section 17200, as proved at  
10 trial;

11 3. That Sprint Corporation be ordered to make restitution of any money or other property  
12 that may have been acquired by its violations of Business and Professions Code section 17200, as  
13 proved at trial;

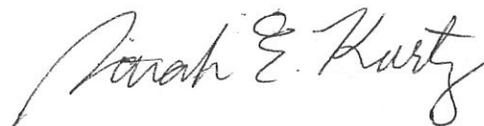
14 4. That Plaintiff recover its costs of suit, including costs of investigation; and

15 5. For such other and further relief that the Court deems just and proper.

16  
17 Dated: May 11, 2015

Respectfully Submitted,

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