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ENDORSED
FILED
Superior Court of California
County of San Francisco

MAY 12 2015

CLERK OF THE COURT
BY: VICTORIA GONZALEZ
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

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15 **PEOPLE OF THE STATE OF**
16 **CALIFORNIA,**

17 Plaintiff,

18 v.

19 **CELLCO PARTNERSHIP d/b/a**
VERIZON WIRELESS, a partnership,

20 Defendant.

Case No.

CGC 15-545779

**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 CELLCO PARTNERSHIP d/b/a VERIZON WIRELESS ("Verizon,"
26 "Defendant" or "Carrier") for violating the California Unfair Competition Law (Bus. & Prof.
27 Code § 17200 et seq.), and alleges the following on information and belief.
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1 8. Verizon has retained a portion of each charge for Third-Party Subscriptions paid by
2 consumers, in some cases as high as a 30% of the amount paid. Verizon's practices have caused
3 consumers millions of dollars of injury.

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

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

8 10. Verizon markets its telephone and data services to consumers. Verizon's sales
9 representatives often discuss these services only, and not purported third-party services, with
10 consumers. Verizon'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. Verizon 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. Verizon's bills include charges for its own services and third-party services, and
18 Verizon has not conspicuously disclosed the third-party charges to consumers. Verizon's Terms
19 and Conditions did not differentiate between its own charges and those of third parties. Non-
20 payment subjected customers to potential, late fees, service termination, collections, and reporting
21 to credit bureaus. Customers had to pay unauthorized third-party charges unless Verizon elected
22 to provide 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 Verizon for all charges
27 appearing 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 Verizon that they did not authorize the charges. Despite knowing about these complaints of
7 unauthorized charges, Verizon 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 Verizon,
11 Verizon frequently has refused to provide them. In some instances, Verizon only offered
12 instructions on how to block future third-party charges.

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

16 18. Even when some refund is provided, Verizon has refused to grant a full refund, but
17 has granted a partial refund.

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

23 20. Industry auditors have monitored the online advertising of third-party merchants that
24 purportedly offer Third-Party Subscriptions, and Verizon has received audits and "alerts" from
25 these industry auditors. These auditors' alerts have provided examples of deceptive marketing by
26 third-party merchants to obtain consumers' phone numbers and purportedly enroll them in a
27 monthly subscription. Yet Verizon has continued to charge consumers for the recurring Third-
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1 Party Subscriptions offered by those merchants identified by the auditors, including subscriptions
2 the alerts specifically identified as failing to obtain valid authorization from the consumers.

3 21. Verizon has also continued to charge consumers for Third-Party Subscriptions
4 purportedly offered by third-party merchants that were the subject of law enforcement actions
5 regarding cramming practices.

6 **VIOLATIONS OF LAW**

7 **CALIFORNIA UNFAIR COMPETITION LAW**

8 22. The People reallege and incorporate each and every allegation contained in the
9 preceding paragraphs 1 through 21.

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

17 **PRAYER FOR RELIEF**

18 WHEREFORE, Plaintiff prays for judgment as follows:

19 1. Pursuant to Business and Professions Code section 17203, that Verizon Corporation, its
20 successors, agents, representatives, employees, and all persons who act in concert with Verizon,
21 be permanently enjoined from committing any unlawful, unfair or fraudulent acts of unfair
22 competition in violation of Business and Professions Code section 17200 as alleged in this
23 complaint;

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

27 3. That Verizon Corporation be ordered to make restitution of any money or other property
28 that may have been acquired by its violations of Business and Professions Code section 17200, as

1 proved at trial;

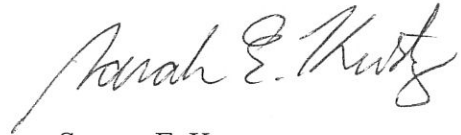
2 4. That Plaintiff recover its costs of suit, including costs of investigation; and

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

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5 Dated: May 11, 2015

Respectfully Submitted,

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