

EDMUND G. BROWN JR.  
Attorney General of California  
FRANCES T. GRUNDER  
Senior Assistant Attorney General  
DANIEL A. OLIVAS  
Supervising Deputy Attorney General  
JUDITH FIORENTINI  
State Bar No. 201747  
ALBERT NORMAN SHELLEN  
Deputy Attorney General  
State Bar No. 46277  
110 West A Street, Suite 1100  
San Diego, CA 92101  
P.O. Box 85266  
San Diego, CA 92186-5266  
Telephone: (619) 645-2089  
Fax: (619) 645-2062  
E-mail: [Albert.Shelden@doj.ca.gov](mailto:Albert.Shelden@doj.ca.gov)

*Attorneys for Plaintiff*

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TO GOVERNMENT CODE  
SECTION 6103

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

**PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff  
  
v.  
  
**DIRECTV, INC., A CALIFORNIA  
CORPORATION,**  
  
Defendant.

CASE NO: 37-2010-00106109-CU-MC-CTL

COMPLAINT FOR  
INJUNCTION, CIVIL  
PENALTIES AND OTHER  
EQUITABLE RELIEF

Assign to Master Calendar

Plaintiff, the People of the State of California, by and through Edmund G. Brown Jr.,  
Attorney General of the State of California, is informed and believes and thereupon alleges as  
follows:

**VENUE AND JURISDICTION**

1. DIRECTV, Inc. (DIRECTV), a California Corporation with its principal place of

1 business in El Segundo, California, at all times mentioned herein has transacted business in the  
2 County of San Diego and elsewhere within the State of California. The violations of law  
3 described herein occurred in the County of San Diego and elsewhere in California.

4 2. At all relevant times, DIRECTV committed the acts, caused or directed others to  
5 commit the acts, ratified the acts, or permitted others to commit the acts alleged in this Complaint.

6 **DEFENDANT'S BUSINESS PRACTICES**

7 3. DIRECTV engages in the business of providing television viewing services to  
8 consumers. Defendant was engaged in this business at all times relevant to this complaint.  
9 During the period from 2006 through 2009, DIRECTV was engaged in the business of selling and  
10 leasing equipment and services to California consumers, engaging in the sale, lease, or other  
11 distribution of DIRECTV services and products by and through its authorized distributors,  
12 retailers, or installers, and engaging in contractual relationships with California consumers  
13 directly and through its authorized distributors, retailers, or installers.

14 **FIRST CAUSE OF ACTION**  
15 **VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17500**  
16 **(Untrue or Misleading Representations)**

17 4. Plaintiff realleges and incorporates by reference paragraphs 1 - 3 above, as though  
18 they are herein set forth in full.

19 5. Since January 2006, DIRECTV, with the intent to induce members of the public in  
20 California to purchase and lease its equipment and services, made or caused to be made untrue or  
21 misleading representations before the public in California, in violation of Business and  
22 Professions Code section 17500, in the following manner:

- 23 a. DIRECTV included offers in advertisements without clearly disclosing the  
24 terms and conditions that applied to the advertised offer.  
25 b. DIRECTV's advertisements often fail to clearly and conspicuously disclose the  
26 actual terms of its offers. When it does disclose such terms, the disclosures are  
27 often misleading, incomplete, or difficult to locate. In many instances they are  
28 displayed in small print, typeface, or font, in low-contrast with the body of the  
advertisement, on a separate page from the main advertising statement, or on the

screen in a television advertisement for as little time as two to three seconds.

- c. Many of the disclosures in DIRECTV's advertisements relating to the offers advertised are difficult to find. The layout of the advertisements often adds to the difficulty. For example, DIRECTV sometimes uses a 4 page flyer advertisement to promote its services and equipment. The inside of this advertisement includes a flap that opens to reveal several lines of very small print where many of the disclosures are made. The disclosures in this advertisement are not clear and conspicuous and are not in direct proximity to the term that the disclosure is intended to explain.
- d. Many DIRECTV advertisements offer packages advertised at "\$29.99/MONTH FOR 12 MONTHS," or using similar words. In such advertisements, DIRECTV often fails to clearly disclose the limitations on a consumer's ability to obtain the advertised price, for example, by failing to clearly disclose the fact that a 24 month commitment to DIRECTV service is required to obtain the 12 month promotional price.
- e. DIRECTV advertisements misrepresented the availability of programming, including the availability of local channels and sports programming.
- f. DIRECTV has misrepresented that consumers will receive a certain amount of "free" programming without clearly and conspicuously disclosing that the receipt of "free" services is contingent upon the purchase of a separate programming package.
- g. DIRECTV has advertised its offered services without clearly and conspicuously disclosing: required contractual/commitment terms for DIRECTV service; the length of contractual relationships; and, all relevant fees and costs for cancelling the contract.

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1           6.     DIRECTV knew or, by the exercise of reasonable care, should have known that  
2 the statements set forth in paragraph 5 above, were untrue or misleading.

3                                   **SECOND CAUSE OF ACTION**  
4                                   **VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17200**  
5                                   **(UNFAIR COMPETITION)**

6           7.     Plaintiff realleges and incorporates by reference paragraphs 1 - 6 above, as though  
7 they are herein set forth in full.

8           8.     DIRECTV has engaged in unfair competition as defined in California Business and  
9 Professions Code section 17200, in that:

- 10                   a.     DIRECTV has violated Business and Professions Code section 17500, as set  
11                         forth in paragraphs 5 and 6 above.
- 12                   b.     DIRECTV has engaged in the practice of contracting with consumers in a  
13                         manner that is unfair or deceptive, by locking consumers into long-term  
14                         contracts without clearly and conspicuously disclosing the existence and  
15                         consequences of the long term contract.
- 16                   c.     DIRECTV has at times, when consumers had any DIRECTV equipment  
17                         installed, serviced, or repaired, obligated consumers to a long term contract,  
18                         without their knowledge.
- 19                   d.     DIRECTV has upon installation of equipment, historically presented consumers  
20                         with a form entitled "EQUIPMENT LEASE ADDENDUM" which states that  
21                         the consumer is bound to maintain a minimum level of programming for a  
22                         period of eighteen (18) to twenty-four (24) months as a result of having any  
23                         DIRECTV equipment installed, repaired, or replaced. This "EQUIPMENT  
24                         LEASE ADDENDUM" is sometimes placed on the back of an "Installation  
25                         Checklist" which the consumer is presented after a third-party installer has  
26                         completed installation of DIRECTV services, thus, the consumer is not provided  
27                         with clear and conspicuous notification that the consumer is entering into a long-  
28                         term contract with DIRECTV.

- 1 e. DIRECTV provides consumers with an additional document entitled the  
2 "CUSTOMER AGREEMENT" when the consumer's first bill for DIRECTV  
3 arrives. The "Customer Agreement" does not contain all of the terms of the  
4 contract between DIRECTV and the consumer.
- 5 f. DIRECTV has not provided clear and conspicuous disclosures about  
6 promotional offers, including the price and length of such offers.
- 7 g. DIRECTV consumers are charged cancellation or equipment fees when the  
8 consumer does not realize that the fee will be charged.
- 9 h. Third Party Retailers of DIRECTV have failed to clearly and conspicuously  
10 disclose all the terms of the contract with DIRECTV.

11 **WHEREFORE**, Plaintiff prays for judgment as follows:

12 1. That pursuant to California Business and Professions Code sections 17203 and  
13 17535, DIRECTV, its successors, agents, representatives, employees, and all persons who act in  
14 concert with it be permanently enjoined from committing the acts of unfair competition and  
15 making the untrue or misleading representations alleged in the First and Second Causes of Action.

16 2. That pursuant to California Business and Professions Code sections 17203 and  
17 17535, the Court make such orders or judgments as may be necessary to restore to any person in  
18 interest any money or property which may have been acquired by means of untrue or misleading  
19 representations or unfair competition.

20 3. That pursuant to California Business and Professions Code sections 17206 and  
21 17536, DIRECTV be ordered to pay civil penalties in the amount of two thousand five hundred  
22 dollars (\$2,500) for each violation of California Business and Professions Code sections 17200  
23 and for each violation of 17500, as proved at trial.

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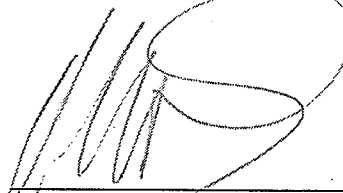
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4. That Plaintiff recover its costs of suit herein, including costs of investigation.
5. For such other and further relief as the Court may deem just and proper.

Dated: December 15, 2010

Respectfully submitted,

EDMUND G. BROWN JR.  
Attorney General of California  
FRANCES T. GRUNDER  
Senior Assistant Attorney General  
DANIEL A. OLIVAS  
Supervising Deputy Attorney General  
JUDITH FIORENTINI  
Deputy Attorney General



ALBERT NORMAN SHELDEN  
Deputy Attorney General

*Attorneys for Plaintiff*

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