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ENDORSED
FILED
Superior Court of California
County of San Francisco

OCT 08 2014

CLERK OF THE COURT

BY: PAUL FIOL
Deputy Clerk

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

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

14 Plaintiff,

15 v.

16 **AT&T MOBILITY, LLC, a limited liability
17 corporation,**

18 Defendant.

CSC-14-542089

Case No.

**COMPLAINT FOR INJUNCTIVE AND
OTHER RELIEF**

(BUS. & PROF. CODE, § 17200 et seq.)

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

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21 **COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

22 1. Plaintiff, the PEOPLE OF THE STATE OF CALIFORNIA, by Kamala D. Harris,
23 Attorney General of the State of California, ("Plaintiff" or "the People") brings this action against
24 Defendant AT&T MOBILITY, LLC, ("AT&T," "Defendant" or "Carrier") for violating the
25 California Unfair Competition Law (Bus. & Prof. Code § 17200 et seq.), and alleges the
26 following on information and belief.
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1 8. AT&T has retained a portion of each charge for Third-Party Subscriptions paid by
2 consumers, in some cases as high as a third or more of the amount paid. AT&T's practices have
3 caused consumers millions of dollars of injury.

4 **AT&T'S UNFAIR AND DECEPTIVE ACTS AND PRACTICES**

5 9. AT&T 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. AT&T markets its telephone and data services to consumers. AT&T's sales
9 representatives often discuss these services only, and not purported third-party services, with
10 consumers. AT&T'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. AT&T 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. AT&T's bills include charges for its own services and third-party services, and
18 AT&T has not conspicuously disclosed the third-party charges to consumers.

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

24 14. Bills have not provided detailed information to the consumer about the nature of
25 recurring Third-Party Subscriptions that the consumer purportedly authorized. In some cases,
26 even in detailed sections of the bill, the third-party subscriptions have been listed under the
27 category "AT&T Monthly Subscriptions."
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1 15. Some consumers who become aware of unauthorized charges have complained to
2 AT&T that they did not authorize the charges. Despite knowing about these complaints of
3 unauthorized charges, AT&T did not take sufficient steps to determine whether consumers
4 actually authorized the charges for Third-Party Subscriptions purportedly offered by problematic
5 third-party merchants.

6 16. When consumers have sought refunds for unauthorized charges from AT&T, AT&T
7 frequently has refused to provide them. In some instances, AT&T has told consumers that there
8 is nothing it can do about the unauthorized charges.

9 17. In other instances, AT&T's customer service representatives have instructed
10 consumers to seek a refund directly from the third-party merchant, while failing consistently to
11 provide accurate contact information for the third-party merchant.

12 18. AT&T has often asserted that consumers authorized the charge, despite the fact that
13 AT&T did not have records of the purported authorization. AT&T has even told consumers who
14 called to complain about unauthorized charges that the consumers had authorized the charges by
15 not responding to text messages sent by the third-party merchants.

16 19. Even when some refund is provided, AT&T has refused to grant a full refund, but has
17 granted a partial refund. AT&T has frequently charged consumers for at least a year for third-
18 party subscription services, yet only offered a two month refund.

19 20. After receiving complaints that consumers did not authorize particular subscriptions,
20 AT&T continued to charge other consumers for such subscriptions.

21 21. Industry auditors have monitored the online advertising of third-party merchants that
22 purportedly offer Third-Party Subscriptions, and AT&T has received audits and "alerts" from
23 these industry auditors. These auditors' alerts have provided examples of deceptive marketing by
24 third-party merchants to obtain consumers' phone numbers and purportedly enroll them in a
25 monthly subscription. Yet AT&T has continued to charge consumers for the recurring Third-
26 Party Subscriptions offered by those merchants identified by the auditors, including subscriptions
27 the alerts specifically identified as failing to obtain valid authorization from the consumers.
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22. AT&T has also continued to charge consumers for Third-Party Subscriptions purportedly offered by third-party merchants that were the subject of law enforcement actions regarding cramming practices.

VIOLATIONS OF LAW

CALIFORNIA UNFAIR COMPETITION LAW

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

24. AT&T, in the course of providing mobile telephone services, has engaged in business acts or practices that were unlawful, unfair, deceptive, or misleading, and therefore violated section 17200 of the California Unfair Competition Law (Bus. & Prof. Code § 17200) by including unauthorized third-party charges on the telephone bills of its mobile phone customers. AT&T has represented, expressly or by implication, that the charges appearing on AT&T's phone bills were for AT&T's services authorized by the consumer, even when the charges were unauthorized charges for Third-Party Subscriptions.

PRAYER FOR RELIEF

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

A. Issuing a permanent injunction prohibiting AT&T, its agents, employees, and all other persons and entities, corporate or otherwise, in active concert or participation with any of them, from engaging in unfair, deceptive or misleading conduct;

B. Ordering AT&T to disgorge all revenues, profits, and gains achieved in whole or in part through the unfair acts or practices complained of herein;

C. Assessing a civil penalty against defendant for each violation of Business and Professions Code section 17200.

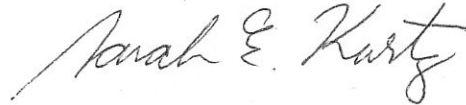
D. Ordering AT&T to pay Plaintiff's costs of suit, including but not limited to all costs of prosecution and investigation;

1 E. Granting such other and further relief as the Court deems equitable and proper.

2 Dated: October 7, 2014

Respectfully Submitted,

3 KAMALA D. HARRIS
4 Attorney General of California
5 MARK J. BRECKLER
6 Chief Assistant Attorney General
7 NICKLAS A. AKERS
8 Acting Senior Assistant Attorney General

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10 SARAH E. KURTZ
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13 *California*