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	Attorneys for Qui Tam Plaintiff	
12	SUPERIOR COURT OF	THE STATE OF CALIFORNIA
13		
14		OF SACRAMENTO Case No. 34 2012 00127517
15	State of California [Additional Plaintiffs Listed On Exhibit A hereto], ex rel.	Case No. 39 8018
16	ONTHEGOWIRELESS LLC;	COMPLAINT FOR VIOLATIONS OF CALIFORNIA FALSE CLAIMS ACT
	Plaintiffs,	AND UNFAIR BUSINESS PRACTICES
17	v.	[UNDER SEAL]
18	CELLCO PARTNERSHIP DBA	
19	VERIZON WIRELESS, a Delaware	
20	general partnership; NEXTEL OF CALIFORNIA, INC., d/b/a SPRINT	, '
	NEXTEL AND NEXTEL	
21	COMMUNICATIONS, a Delaware Corporation; SPRINT SOLUTIONS, INC.,	
22	a Delaware corporation; T-MOBILE USA, a Delaware corporation; NEW	
23	CINGULAR WIRELESS NATIONAL	
24	ACCOUNTS, LLC, d/b/a CINGULAR WIRELESS n/k/a AT&T MOBILITY	
4	NATIONAL ACCOUNTS LLC, a	
25	Delaware limited liability company; and Does 1-10;	
26	Defendants.	
27	Defendants.	
28		20
- 11		

COMPLAINT FOR VIOLATIONS OF CALIF. FALSE CLAIMS ACT AND UNFAIR BUS.



INTRODUCTION

- 1. This action is brought by Qui Tam Plaintiff OnTheGoWireless LLC ("OnTheGo" or "Qui Tam Plaintiff") on behalf of the State of California and its agencies and political subdivisions (the "Government Plaintiffs") who are customers of Defendants and who have been damaged as a result of the conduct alleged below, pursuant to the "qui tam" provisions of the California False Claims Act, California Government Code Sections 12650, et seq. (the "False Claims Act"), and California Business & Professions Code section 17200 (the "Unfair Business Practices Act").
- 2. The False Claims Act provides that an individual or entity that submits false or fraudulent claims for payment to the State of California or any political subdivision thereof is liable for three times the amount of any damages sustained as a result, as well as civil penalties of up to \$10,000 for each false and fraudulent claim submitted.
- 3. The Unfair Business Practices Act prohibits unlawful, unfair and/or fraudulent business practices as alleged herein, and entitles the Government Plaintiffs to injunctive relief and restitution.

PARTIES

- 4. Qui Tam Plaintiff OntheGo is a California limited liability company with its principal place of business in San Ramon, California.
- 5. The Government Plaintiffs are the State of California and its agencies and political subdivisions who are customers of Defendants with contracts for wireless telecommunications services that required Defendants to provide rate plan optimization, as further alleged below. Qui Tam Plaintiff is informed and believes and based thereon alleges that each of the parties listed on Exhibit A to the Complaint is a Government Plaintiff.
- 6. Defendant Cellco Partnership dba Verizon Wireless ("VERIZON") is a Delaware general partnership and the largest wireless communications provider in the United States. Its principal place of business is in New Jersey.
- 7. Defendant Nextel of California, Inc., d/b/a Nextel Communications and Sprint Nextel, is a Delaware corporation with its principal place of business in California.

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- 8. Defendant Sprint Solutions, Inc. is a Delaware corporation with its principal place of business in Kansas. Sprint Solutions, Inc. and Nextel of California, Inc. are hereafter referred to collectively as "SPRINT."
- 9. Defendant T-Mobile USA ("T-MOBILE") is a Delaware corporation with its principal place of business in the state of Washington.
- Defendant New Cingular Wireless National Accounts, LLC d/b/a Cingular 10. Wireless, now known as AT&T Mobility National Accounts LLC, a Delaware limited liability company ("AT&T"), has its principal place of business in Georgia.
- 11. Qui Tam Plaintiff is ignorant of the true names and capacities of Defendants sued herein as Does 1-10, inclusive, and therefore sues these Defendants by such fictitious names. Qui Tam Plaintiff will amend this complaint to allege the true names and capacities of these Defendants when ascertained. Qui Tam Plaintiff is informed and believes that each of the fictitiously named Defendants is legally liable as alleged herein.
- 12. VERIZON, SPRINT, T-MOBILE, AT&T and Does 1-10 are referred to collectively herein as "Defendants" or "Defendant Carriers."

THE FRAUDULENT SCHEME AND FALSE CLAIMS

- 13. Since at least 2005, the Government Plaintiffs purchased mobile phone and related wireless services from Defendant Carriers under a series of contracts. Service for hundreds of thousands of lines was purchased and over a billion dollars was spent by the Government Plaintiffs pursuant to these contracts.
- 14. The form and basic terms of the contracts involved were uniform in all material respects. All required Defendants to "optimize" each customer's rate plan selections. "Optimization" means the periodic assessment of rate plans for each line in service in order to ensure that each line is subscribed to the plan that yields the lowest possible cost. Government customers, just like individual consumers, choose between competing rate plans and often select a plan that include too few base minutes (with the result that they end up paying "overage" charges), or a plan that has too many base minutes (with the result that they pay a higher base charge than needed). Optimization addresses this problem as it entails the periodic review of

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usage data, evaluation of available rate plans and switching plans of individual users in order to achieve the lowest cost for each user. Periodic optimization consistently results in savings of twenty to thirty percent.

- 15. As larger customers have learned the value of optimization, they have begun requiring that their wireless service contracts include a provision obligating the carriers to provide it. But rate plan optimization, by reducing costs to customers, reduces carrier revenues by a corresponding amount without materially cutting the carriers' costs, thus reducing profits. In the face of customer demand, the carriers have agreed to optimize, but in the case of the Defendant Carriers' contracts with the Government Plaintiffs, they did not in fact provide this important and bargained for cost-cutting service as promised. Instead, they continued to falsely bill for their services as if they had optimized, as alleged below.
- In or about 2005, California established a bidding process for carriers who 16. wished to provide wireless services to the State and local entities. In a Request for Proposals ("RFP") the State specifically required that bidding carriers agree to optimize rate plan selections for government customers. Defendants each agreed to provide optimization as part of their proposals, giving rise to an express contractual requirement that Defendants optimize. In a clear statement of its own understanding of the contracts and carriers' obligations, the State agency that negotiated the contracts and managed them for State and local agencies -- the Department of Government Services ("DGS") -- advised and reiterated in "User Instructions" incorporated into the contracts that the Defendant Carriers were obligated to optimize. The User Instructions declared that "[o]ne of the contract's goals is to ensure that each subscriber is utilizing the most appropriate plan. This includes identifying subscribers that may be consistently incurring overage charges, and therefore should move to a plan with more minutes, or subscribers consistently underutilizing a plan, and therefore should move to a plan with less minutes." The DGS then expressly stated that, "[a]fter the initial plan assignment, both contractors will routinely identify those users that are not on the most optimized plan and work with the DGS Contract Manager to place the user on the most optimized plan."

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17. Beginning in 2010, California began to utilize contracts negotiated under
the auspices of the "Western States Contracting Alliance," or "WSCA." The WSCA wireless
contracts were the product of a public bid process including an initial Request for Proposals, to
which the carriers responded with proposals. As with the earlier California contracts, the WSCA
RFP required that responding carriers agree to optimize the rate plans selected by government
customers. Among the things the responding carriers were required to do in order to provide
wireless services "at the lowest cost available" was to provide quarterly "[O]ptimization reports .
to ensure that each subscriber is utilizing the most appropriate plan."

- 18. Each and every one of the Defendant Carriers agreed to comply with the requirement to optimize, which obligation became a part of their corresponding contracts with the Government Plaintiffs. VERIZON agreed to "provide the quarterly optimization report." AT&T agreed to "comply with this requirement." T-MOBILE, "[Agreed] to provide this type of reporting." And SPRINT agreed to "develop report templates to meet these specific requirements."
- 19. As with the earlier wireless contracts, the DGS then issued "User Instructions" advising State agencies and local entities of the process to follow to obtain wireless services pursuant to the contract, and setting out certain key terms. The User Instructions issued by DGS are incorporated into the contract and state:

The most current User Instructions and California General Provisions, products and/or services and pricing are included herein. All purchase orders issued under this contract incorporate the following User Guide and California General Provisions.

Para. 9. Rate Plan Selection: One of the contract's goals is to ensure that each subscriber is utilizing the most appropriate plan. This includes identifying subscribers that may be consistently incurring overage charges, and therefore should move to a plan with more minutes, or subscribers consistently underutilizing a plan, and therefore should move to a plan with less minutes.

Para. 9D. Optimization: After the initial plan assignment, both contractors will routinely identify those users that are not on the most optimized plan and work with the DGS Contract Manager to place the user on the most optimized plan.

- 20. After the WSCA wireless contracts were in place, California and many local entities elected to purchase service under them. The Qui Tam Plaintiff is informed and believes and based thereon alleges that the Government Plaintiffs purchased over 400,000 lines of service with the Defendant Carriers pursuant to the contracts.
- 21. Notwithstanding the fact that optimization was a material term of the contracts in question, and the fact that Defendant Carriers secured contracts for hundreds of thousands of lines of service based in material part on their obligation to routinely optimize the Government Plaintiffs' rate plans, Defendants did not do so.
- 22. Defendants have submitted false and fraudulent claims to the Government Plaintiffs and each of them from approximately October 2005 to the present.

 Defendants sent bills each month, impliedly certifying that all of the services required by the underlying contracts had been provided, when in fact a critical cost-saving service optimization had not been performed, and overstating the amount due.
- 23. As a foreseeable and proximate result of the knowing and unlawful actions of the Defendant Carriers, the Government Plaintiffs have been overcharged and sustained damages in excess of \$500 million.
- 24. Except as alleged herein, the facts concerning Defendants' violations of the False Claims Act are exclusively within their custody and control, and not available to the Qui Tam Plaintiff. Defendants concealed their failure to optimize Government Plaintiffs' rate plans.

FIRST CLAIM FOR RELIEF

Violation of the California False Claims Act California Government Code Section 12651(a)(1)

25. The allegations contained in paragraphs 1 through 24 are incorporated in full as if set forth herein.

	26.	This is a claim for treble damages and forfeitures under the False Claims
Act, Cal. Go	v't Code	§§12650 et seq.
	27	Through the acts described above the Defendants, their agents and

- 27. Through the acts described above, the Defendants, their agents and employees, knowingly presented and caused to be presented false and fraudulent claims to the Government Plaintiffs, and knowingly failed to disclose material facts, in order to obtain payment and approval from the Plaintiffs.
- 28. The Government Plaintiffs, unaware of the falsity of the claims made and submitted by the Defendants, their agents, and employees, and as a result thereof, paid money that they otherwise would not have paid.
- 29. By reason of the payments made by the Government Plaintiffs as a result of the Defendants' fraud, the Government Plaintiffs suffered at least \$500 million in damages and continue to be damaged.
 - 30. Wherefore, Qui Tam Plaintiff prays for relief as set forth below.

SECOND CLAIM FOR RELIEF

Making False Records in Violation of the California False Claims Act California Government Code Section 12651(a)(2)

- 31. The allegations contained in paragraphs 1 through 30 are incorporated in full as if set forth herein.
- 32. This is a claim for treble damages and forfeitures under the False Claims Act, Cal. Gov't Code §§12650 et seq.
- 33. Through the acts described above, the Defendants, their agents and employees, knowingly made, used, and caused to be made and used false records and statements, which also omitted material facts, in order to induce the Government Plaintiffs to approve and pay false and fraudulent claims.
- 34. The Government Plaintiffs, unaware of the falsity of the records, statements, and claims made and submitted by the Defendants, their agents, and employees, and as a result thereof, paid money that they otherwise would not have paid.

35. By reason of the payments made by the Government Plaintiffs as a result of the Defendants' fraud, the Government Plaintiffs have suffered at least \$500 million in damages and continue to be damaged.

Wherefore, Qui Tam Plaintiff prays for relief as set forth below.

THIRD CLAIM FOR RELIEF

Unfair Business Practices California Business & Professions Code Section 17200 et seq.

- 36. The allegations contained in paragraphs 1 through 35 are incorporated in full as if set forth herein.
- 37. At all relevant times, Defendants were engaged in "business practices" as that phrase is defined in the California Unfair Business Practices Act (Cal. Bus. & Prof. Code section 17200 et seq.).
- 38. Defendants' business practices constitute unfair competition within the meaning of Business and Professions Code section 17200, being unlawful, unfair and/or fraudulent within the meaning of the statute in that, among other reasons Defendants have failed to optimize the Government Plaintiffs' rate plans, enabling Defendants' to receive substantial overpayments under their contracts.
- 39. As a direct and proximate result of their unlawful, unfair and/or fraudulent business practices, Defendants have acquired and will continue to acquire substantial revenues from the Government Plaintiffs in the form of overpayments. The Government Plaintiffs are entitled to disgorgement and restitution of Defendants' ill-gotten gains pursuant to Business and Professions Code section 17203.
- 40. The Government Plaintiffs are further entitled, pursuant to Business and Professions Code § 17200 et seq., to an injunction enjoining Defendants from continuing their illegal practices.

Wherefore, Qui Tam Plaintiff prays for relief as set forth below.

PRAYER FOR RELIEF

Qui Tam Plaintiff prays for judgment against the Defendants, and each of them, as follows:

- 1. For damages in an amount equal to three times the amount of damages the Government Plaintiffs sustained as a result of the Defendants' unlawful conduct;
- 2. For civil monetary penalties for each false and fraudulent claim submitted to the Government Plaintiffs;
 - 3. For an order directing Defendants to make full restitution;
- 4. For a permanent injunction enjoining the Defendants from violating the False Claims Act and the Unfair Business Practices Act;
- 5. For attorneys' fees and costs, including the Qui Tam Plaintiff's attorneys' fees and costs;
- 6. For an order awarding the Qui Tam Plaintiff the maximum award allowed by the False Claims Act; and
 - 7. For such other further relief as the Court may deem just and proper.

Dated: July 5, 2012

GOODIN, MACBRIDE, SQUERI, DAY & LAMPREY, LLP

By:

Wayne T. Lamprey
Attorneys for Qui Tam Plaintiff

Dated: July 5, 2012 LEVINE, BLASZAK, BLOCK & BOOTHBY,

By: Justin G. Castillo

Altorneys for Qui Tam Plaintiff

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1	EXHIBIT A
2	CITY:
3	-
	Alameda
4	Anaheim Azusa
5	Bakersfield
6	Bell Gardens
1	Blythe
7	Calexico
8	Capitola
	Carlsbad
9	Carmel By The Sea
10	Chino
11	Chula Vista
11	Clear Lake
12	Concord
13	Corona Costa Mesa
_	Del Mar
14	El Cajon
15	El Cerrito
16	Elk Grove
10	Encinitas
17	Eureka
18	Farmersville
	Fontana
19	Fortuna
20	Fremont
21	Fresno Fullerton
21	Garden Grove
22	Glendale
23	Hanford
1	Hawaiian Gardens
24	Hollister
25	Huntington Beach
26	Imperial
20	Irvine
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1	CITY:
2	Lancaster
3	Lemoore
4	Liberty Rural County Fire Protection District
-	Loma Linda
5	Long Beach Los Altos
6	Marina
7	Martinez
,	Menifee
8	Menlo Park
9	Modesto
10	Monterey
10	Moreno Valley
11	Morro Bay Mountain View
12	Nevada City
	Newark
13	Newport Beach
14	Oakland
15	Oakley
	Oceanside
16	Ontario
17	Oxnard Palmdale
18	Pasadena
	Paso Robles
19	Penn Valley
20	Petaluma
21	Pismo Beach
21	Pomona
22	Rancho Cucamonga
23	Rancho Palos Verdes Red Bluff
24	Redding
1	Redlands
25	Redondo Beach
26	Rialto
-	Richmond
27	Ripon

1	CITY:
2	Riverside
3	Sacramento
	San Bernardino
4	San Bruno
5	San Diego
	San Francisco
6	San Jose
7	San Marino
	San Mateo
8	San Rafael
9	Santa Ana
10	Santa Barbara
10	Santa Clarita
11	Santa Cruz
10	Santa Maria
12	Santa Paula
13	Santa Rosa
14	Sebastapol South San Francisco
14	Stockton
15	Taft
16	Ventura
10	Vernon
17	Victorville
18	Whittier
19	COUNTY:
20	Alameda
21	Butte
22	Colusa
22	Contra Costa
23	El Dorado
24	Fresno Glenn
	Humboldt
25	Kern
26	Kings
1	Lake
27	Los Angeles

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1	COUNTY:
2	Madera
3	Marin
	Mendocino
4	Merced
5	Monterey
	Napa
6	Nevada
7	Orange
	Placer
8	Plumas
9	Riverside
	Sacramento
10	San Benito
11	San Bernardino
	San Diego
12	San Francisco
13	San Joaquin
	San Luis Obispo
14	San Mateo
15	Santa Barbara
i	Santa Clara
16	Santa Cruz
17	Shasta
	Siskiyou
18	Solano
19	Sonoma
	Stanislaus
20	Sutter Tehama
21	Trinity
	Tulare
22	Ventura
23	Yolo
, I	Yuba
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1	DISTRICT:
2	ABC Unified School District
3	Alameda-Contra Costa Transit District
	Anaheim Union High School District
4	Antelope Valley Hospital District
5	Antelope Valley Union High School District
	Antioch Unified School District
6	Bakersfield Elementary School District
7	Calexico Unified School District
	Capistrano Unified School District
8	Carpinteria-Summerland Fire Protection District
9	Chico Unified School District
10	Chino Vallely Unified
10	Cloverdale Fire Protection District
11	Clovis Unified School District
10	Colton Joint Unified School District
12	Comption Unified School District
13	Contra Costa Fire Protection District
1.4	Corona-Norco Unified School District
14	Cuyama Joint Unified School District Desert Sands Unified School District
15	Desert Water Agency
16	Durham Unified School District
10	East Bay Municipal Utility District
17	East Side Union High
18	Elk Grove Unified School District
_	Emeryville Police Department
19	Escondido Union High School District
20	Fontana Unified School District
- 1	Foothill DeAnza Community College District
21	Foresthill Fire Protection District
22	Fremont Unified School District
	Fresno Unified School District
23	Garden Grove Unified School District
24	Glendale Community College District
25	Glendale Unified
25	Golden Empire Transit District
26	Goleta Sanitary District
27	Goleta Water District
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1	District:
2	Grant Joint Union High School District
3	Great Basin Unified Air Pollution Control District
	Greater Vallejo Recreation District
4	Greenfield Fire Protection District
5	Grossmont Union High
	Hacienda La Puente Unified
6	Hayfork Fire Protection District
7	Hayward Unified School District
_	Helix Water District
8	Hillsborough School District
9	Imperial Irrigation District
10	Irvine Unified School District
10	Jurupa Community Services District
11	Jurupa Unified School District
10	Kaweah Delta Health Care District
12	Kern Community College District-Bakersfield College
13	Kern High School District Kings Canyon Unified School District
14	Lake Tahoe Unified School District
14	Liberty Rural County Fire Protection District
15	Lindsay Strathmore Irrigation District
16	Lodi Unified School District
	Long Beach Unified School District
17	Los Angeles Community College District
18	Los Angeles County Metro Transit Authority
10	Los Angeles County Sanitation District
19	Los Angeles Unified School District
20	Los Molinos Unified School District
21	Lynwood Unified School District
21	Menlo Park City School District
22	Metrolink [Southern California Regional Rail Authority]
23	Metropolitan Transportation Commission
	Modesto Irrigation District Montebello Unified School District
24	Monterey Peninsula Regional Park District
25	Moreno Valley Unified School District
	Mount Diablo Unified School District
26	Mt San Jacinto Community College District
27	North County Fire Protection District
20	Northern Humboldt Union High School District
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1	Northshore Fire Protection District
2	Northstar Community Services District
2	Norwalk La Mirada Unified School District
3	Oakdale Joint Unified School District
4	Oakland Unified School District
10,5	Olivehurst Public Utility District
5	Olivenhain Municipal Water District
6	Ontario-Montclair Elementary
	Orange County Transportation Authority
7	Orange Unified School District
8	Pajaro Valley Unified School District
	Palomar Pomerado Hospital District
9	Pasadena Area Community College District
10	Pasadena Unified School District
	Petaluma School District
11	Placentia-Yorba Linda Unified School District
12	Placer Hills Fire Protection District
13	Pomona Unified School District Port San Luis Harbor District
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14	Porterville Developmental Center Poway Unified School District
15	Rialto Unified School District
	Rincon Ranch Community Services District
16	Rincon Valley Unified School District
17	Rio Hondo Communty College District
	Ripon Unified School District
18	Riverdale Unified School District
19	Riverside Comunity College District
20	Riverside Unified School District
20	Rosemead Unified School District
21	Russian River Fire Protection District
22	Sacramento City Unified School District
	Sacramento Municipal Utility District
23	Sacramento Regional Transit District
24	San Barrandina City Haife 18 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	San Bernardino City Unified School District San Diego Community College District
25	San Diego Unified School District
26	San Francisco Bay Area Rapid Transit District
27	San Francisco Unified School District
27	San Jacinto Unified School District
28	San Joaquin Regional Rail Commission
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1	San Jose Unified School District
2	San Juan Unified School District
3	San Miguel School District
	Santa Ana Unified School District
4	Santa Fe Irrigation District South Coast Air Quality Management District
5	Stanislaus County Registrar of Voters
	Stockton East Water District
6	Stockton Unified School District
7	Sundale Union Elementary School
8	Sweetwater Union High School District
o	Temecula Valley Unified School District
9	Torrance Unified School District
10	Turlock Irrigation District
	Twin Rivers Unified School District
11	University of California, Irvine, Office of Academic Affairs
12	Ventura Port District
10	Victor Elementary School District
13	Victor Valley Transit Authority Vineland School District
14	Visalia Unified School District
15	Vista Irrigation District
	Vista Unified School District
16	Walnut Valley Water District
17	West Bay Sanitary District
1.0	West Contra Costa Unified School District
18	West County Wastewater District
19	Western Municipal Water District
20	Whittier Union High School District
20	Willow Creek Community Services District
21	Willow Creek Fire Protection District
22	Windsor Fire Protection District Wiseburn School District
	Woodbridge Fire District
23	Yorba Linda Water District
24	Yosemite Community College District
25	Yreka Police Department
	Yreka Union School District
26	Yuba Community College District
27	Yuma Municipal Water District
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