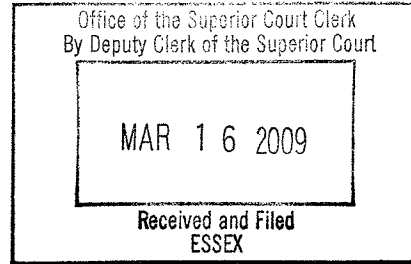


ANNE MILGRAM
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SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
ESSEX COUNTY
DOCKET NO. ESX-C-75-09

ANNE MILGRAM, Attorney General of the State
of New Jersey, and DAVID M. SZUCHMAN,
Director of the New Jersey Division of Consumer
Affairs,

Plaintiffs,

v.

VERIZON NEW JERSEY, INC. and JANE and
JOHN DOES 1-10, individually and as owners,
officers, directors, shareholders, founders,
managers, agents, servants, employees,
representatives and/or independent contractors of
VERIZON NEW JERSEY, INC., and XYZ
CORPORATIONS 1-10,

Defendants.

Civil Action

COMPLAINT

Plaintiffs Anne Milgram, Attorney General of the State of New Jersey ("Attorney General"),
with offices located at 124 Halsey Street, Fifth Floor, Newark, New Jersey, and David M. Szuchman,

Director of the New Jersey Division of Consumer Affairs (“Director”), with offices located at 124 Halsey Street, Seventh Floor, Newark, New Jersey, by way of Complaint state:

PRELIMINARY STATEMENT

1. In or about the Fall of 2006, Verizon New Jersey, Inc. (“Verizon” or “Defendant”) began offering to residential and business customers in the State of New Jersey (“State” or “New Jersey”) television, internet and telephone service over fiberoptic cables (hereinafter “FiOS Service”). At that time, Verizon began an extensive advertising campaign for FiOS Service through television, radio and internet commercials, as well as print advertising and direct mailings. In addition, Verizon deployed teams of individuals to sell FiOS Service door-to-door in municipalities where FiOS Service was available or would be available soon. Beginning in 2006, Verizon also launched a series of promotional offers to consumers who signed one (1) or two (2) year contracts for FiOS Service, which included free LCD televisions and gift cards.

2. In its advertisement, door-to-door solicitation and sale of FiOS Service, Verizon, among other things, failed to provide consumers with accurate information regarding packages, promotions and prizes. Additionally, consumers who were induced by promotions into signing up for FiOS Service experienced long delays in receiving the promotional gifts, and in some cases were denied the gifts based upon requirements of which they were unaware. Moreover, once consumers contracted for FiOS Service, Verizon, among other things, charged consumers inconsistent amounts for the same service. Finally, consumers experienced difficulty contacting a Verizon customer service representative in order to address or resolve issues as to promotions, services and/or billing. As detailed below, such conduct is deceptive and in violation of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”), and related regulations.

PARTIES AND JURISDICTION

3. The Attorney General is charged with the responsibility of enforcing the CFA, N.J.S.A. 56:8-1 et seq., and all regulations promulgated thereunder, N.J.A.C. 13:45A-1.1 et seq. (“CFA Regulations”). The Director is charged with the responsibility of administering the CFA and the CFA Regulations promulgated thereunder on behalf of the Attorney General.

4. By this action, the Attorney General and Director (collectively, “Plaintiffs”) seek injunctive and other relief for violations of the CFA and the CFA Regulations. Plaintiffs bring this action pursuant to their authority under the CFA, specifically N.J.S.A. 56:8-8, 56:8-11, 56:8-13 and 56:8-19. Venue is proper in Essex County, pursuant to R. 4:3-2, because it is a county in which the defendant maintains a principal place of business.

5. Verizon was incorporated in the State as a Domestic Profit Corporation on August 25, 1904. Verizon maintains a principal business address of 540 Broad Street, Newark, New Jersey 07101. Verizon’s registered agent in the State is The Corporation Trust Company, which maintains a mailing address of 820 Bear Tavern Road, West Trenton, New Jersey 08628.

6. Upon information and belief, John and Jane Does 1 through 10 are fictitious individuals meant to represent the owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives and/or independent contractors of Verizon who have been involved in the conduct that gives rise to this Complaint, but are heretofore unknown to the Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Complaint to include them.

7. Upon information and belief, XYZ Corporations 1 through 10 are fictitious corporations meant to represent any additional corporations that have been involved in the conduct

that gives rise to this Complaint, but are heretofore unknown to the Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Complaint to include them.

GENERAL ALLEGATIONS COMMON TO ALL COUNTS

8. Beginning in the Fall of 2006, Verizon has advertised and engaged in the sale of FiOS Service to consumers in this State and elsewhere.

9. In New Jersey, Verizon initially offered FiOS Service in a few municipalities. The number of municipalities increased, as Verizon continued to install fiberoptic cable in the ground. At present, Verizon continues such installation throughout New Jersey.

10. At all relevant times, Verizon has advertised and otherwise offered FiOS Service for sale to consumers in the State and elsewhere through its website at www.verizon.com and other websites maintained by or on behalf of Verizon (collectively, "Verizon Website").

11. At all relevant times, Verizon has advertised and otherwise offered FiOS Service for sale to consumers in the State and elsewhere through television commercials ("Television Advertising").

12. At all relevant times, Verizon has advertised and otherwise offered FiOS Service for sale to consumers in the State and elsewhere through print advertising ("Print Advertising").

13. At all relevant times, Verizon has advertised and otherwise offered FiOS Service for sale to consumers in the State and elsewhere through direct mailings ("Direct Mail Advertising").

14. At all relevant times, Verizon has advertised and otherwise offered FiOS Service for sale to consumers in the State and elsewhere through door-to-door canvassing ("Door-to-Door Solicitations").

15. Among other things, such advertisements touted the superior speed, variety and value offered by FiOS Service.

16. At various times, Verizon offered promotional products to consumers who contracted for FiOS Service, which included free LCD televisions, camcorders, digital cameras or gift cards. These gifts were frequently given as a premium to those who signed twelve (12) or twenty-four (24) month contracts.

17. Upon information and belief, Verizon uses a variety of databases to collect information relevant to different tasks performed for customers, such as installation and billing. Upon information and belief, these databases, some decades old, are not designed to be searched by customer name. Upon information and belief, Verizon cannot identify and retrieve information for specific customers with a simple name search.

18. Upon information and belief, due to its billing and other information systems, Verizon has erroneously disqualified customers from receiving promotional gifts and/or charged customers inconsistent and/or incorrect amounts on monthly statements for FiOS Service.

COUNT I

VIOLATION OF THE CFA BY DEFENDANT UNCONSCIONABLE COMMERCIAL PRACTICES

19. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 18 above as if more fully set forth herein.

20. The CFA, N.J.S.A. 56:8-2, prohibits:

The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing concealment, suppression, or omission of any material fact with intent that others rely upon such

concealment, suppression or omission, in connection with the sale or advertisement of any merchandise

21. In the operation of its business, Defendant has engaged in the use of unconscionable commercial practices, deception, false promises, misrepresentations and/or the knowing concealment, suppression or omission of material facts.

22. Among other things, Defendant engaged in the following unconscionable commercial practices in connection with its advertisement, door to door solicitation and sale of FiOS Service:

- a. Quoting one price for FiOS Service in Door-to-Door Solicitations, Direct Mail Advertising and otherwise, then billing consumers at a higher price; and
- b. Charging consumers an activation fee, after the salesperson in the Door-to-Door Solicitation waived the fee.

23. Among other things, Defendant engaged in the following unconscionable commercial practices in connection with the promotional gifts offered with FiOS Service:

- a. Advertising promotional gifts, yet failing to provide consumers with the opportunity to contract for the types of FiOS Service necessary to obtain the promotional gifts;
- b. Failing to provide consumers with the rewards letter or other instructions necessary to receive their promotional gifts;
- c. Confirming that consumers are entitled to receive promotional gifts, but failing to provide promotional gifts;
- d. Refusing to provide promotional gifts to consumers who contracted for FiOS Service within the promotional period; and
- e. Providing consumers with promotional gifts only after significant delay and/or after consumers made repeated calls or other contacts with Defendant.

24. Among other things, Defendant engaged in the following unconscionable commercial practices in connection with the billing of customers for FiOS Service:

- a. Billing consumers at a price other than that initially quoted to consumers;
- b. Billing, on a monthly basis, inconsistent amounts to the same consumers with the same services; and
- c. Charging consumers for services (i.e. movie package) they never ordered.

25. Among other things, Defendant engaged in the following unconscionable commercial

practices in connection with the customer service relating to FiOS Service:

- a. Confirming, yet failing to meet installation appointments;
- b. Failing to honor a consumer's request to cancel the FiOS Service;
- c. Providing through its customer service representatives, conflicting information to consumers who make inquiries as to promotional gifts, services and/or billing;
- d. Making it very difficult (i.e. long delays, varied telephone numbers) for consumers to reach a customer service representative in order to address or resolve issues as to promotional gifts, services and/or billing; and
- e. Failing to respond to consumers' telephone and email messages concerning their promotional gifts, services and/or billing.

26. Each unconscionable commercial practice constitutes a separate violation under the

CFA, N.J.S.A. 56:8-2.

COUNT II

VIOLATION OF THE CFA BY DEFENDANT FALSE PROMISES, MISREPRESENTATIONS, DECEPTION AND KNOWING OMISSIONS OF MATERIAL FACT

27. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 26 above as if more fully set forth herein.

28. Defendant, by itself and through its owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives and/or independent contractors, has

made false promises and misrepresentations and otherwise engaged in deceptive conduct in connection with the advertisement, solicitation, promotion, billing and customer service related to its FiOS Service, including, but not limited to, the following:

- a. Representing one price for FiOS Service in Door-to-Door Solicitations, Direct Mail Advertising and otherwise, and then failing to charge the consumers such price;
- b. Representing that consumers are entitled to promotional gifts, then failing to provide such gifts;
- c. Promising, then failing, to provide consumers with promotional gifts during the advertised six (6) to eight (8) week period;
- d. Representing through solicitations or contract forms that movie packages were free, then billing consumers for such services; and
- e. Promising, then failing, to waive a consumer's installation or activation fee.

29. Defendant, by itself and through its owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives and/or independent contractors, has engaged in the knowing omission of material facts in connection with the advertisement, solicitation promotion and customer service related to its FiOS Service, including, but not limited to, the following:

- a. Failing to advise consumers of a necessary action to receive a promotional gift; and
- b. Failing to tell consumers that they did not qualify for a promotional gift because they received other promotional discounts on their FiOS Service.

30. Each false promise, misrepresentation, deception and/or knowing omission of material fact by Defendant constitutes a separate violation of the CFA, N.J.S.A. 56:8-2.

COUNT III

**VIOLATION OF THE CFA BY DEFENDANT
FAILURE TO PROVIDE COPY OF CONTRACT**

31. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 30 above as if more fully set forth herein.

32. The CFA requires any person engaged in the sale of merchandise to provide a consumer with a copy of any contract signed by that consumer.

33. Specifically, N.J.S.A. 56:8-2.22 provides:

It shall be an unlawful practice for a person in connection with a sale of merchandise to require or request the consumer to sign any document as evidence or acknowledgment of the sales transaction, of the existence of the sales contract, or of the discharge by the person of any obligation to the consumer specified in or arising out of the transaction or contract, unless he shall at the same time provide the consumer with a full and accurate copy of the document so presented for signature

34. In its Door-to-Door Solicitations, Defendant has violated the CFA by failing to provide consumers with a copy of the contract signed by the consumer for FiOS Service.

35. Each failure of Defendant to provide a consumer with a copy of the contract constitutes a separate violation of N.J.S.A. 56:8-2.22.

COUNT IV

**VIOLATION OF THE ADVERTISING
REGULATIONS BY DEFENDANT**

36. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 35 above as if more fully set forth herein.

37. The Regulations Governing General Advertising, N.J.A.C. 13:45A-9.1 et seq. (“Advertising Regulations”) promulgated pursuant to the CFA, address, among other issues, general advertising practices.

38. Specifically, the Advertising Regulations govern general advertising practices and provide, in relevant part:

(a) Without limiting the application of N.J.S.A. 56:8-1 et seq., the following practices shall be unlawful with respect to all advertisements:

.....
2. The failure of an advertiser to specifically designate within an advertisement which merchandise items possess special or limiting factors relating to price, quality, condition or availability.

.....
5. The use of any type, size, location, lighting, illustration, graphic depiction or color resulting in the obscuring of any material fact.

.....
9. The making of false or misleading representations of facts concerning the reasons for, existence or amounts of price reductions, the nature of an offering or the quantity of advertised merchandise available for sale.

[N.J.A.C. 13:45A-9.2(a)(2), (5), (9).]

39. The Advertising Regulations further provide that:

(a) An advertiser offering an item of merchandise specifically advertised for sale at a price of \$100.00 or more shall, in addition to complying with the provisions of N.J.A.C. 13:45A-9.2:

.....
2. State the former price or price range or the amount of the reduction in dollars.

[N.J.A.C. 13:45A-9.4(a)(2).]

40. In its advertisement of FiOS Service, Defendant violated the Advertising Regulations

by engaging in certain conduct including, but not limited to:

- a. Failing to include an asterisk leading consumers to the reference to the required installation date in order to qualify for the promotional gift;
- b. Failing to include an asterisk leading consumers to the reference to the required FiOS Service in order to qualify for the promotional gift;
- c. Failing to state that registration was required in order to obtain the promotional gift;
- d. Using the phrase “additional charges apply” without providing a description of those charges;
- e. Including program limitations in 7 point font at the bottom of the advertisement without any asterisk or other signal leading the consumer to that language;
- f. Offering savings, but failing to state the former price or price range or the amount of the reduction in dollars; and
- g. Using colors that obstruct material facts (use of white lettering on a white background).

41. Each violation of the Advertising Regulations constitutes a per se violation of the CFA, N.J.S.A. 56:8-2.

PRAYER FOR RELIEF

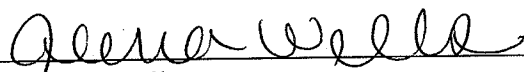
WHEREFORE, based upon the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment:

- (a) Finding that the acts and omissions of the Defendant constitute multiple instances of unlawful practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., and the CFA Regulations, specifically the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq.;
- (b) Permanently enjoining the Defendant and its owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives, independent contractors and all other persons or entities

directly under its control, from engaging in, continuing to engage in, or doing any acts or practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., and the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq.;

- (c) Directing the assessment of restitution amounts against the Defendant to restore to any affected person, whether or not named in this Complaint, any money or real or personal property acquired by means of any practice alleged herein to be unlawful and found to be unlawful, as authorized by the CFA, N.J.S.A. 56:8-8;
- (d) Assessing the maximum statutory civil penalties against the Defendant for each and every violation of the CFA and the CFA Regulations, in accordance with N.J.S.A. 56:8-13;
- (e) Directing the assessment of costs and fees, including attorneys' fees, against the Defendant, for the use of the State of New Jersey, as authorized by the CFA, N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19; and
- (f) Granting such other relief as the interests of justice may require.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs


By: 
Alina Wells
Deputy Attorney General

Dated: March 16, 2009
Newark, New Jersey

RULE 4:5-1 CERTIFICATION

I certify, to the best of my information and belief, that the matter in controversy in this action involving the aforementioned violations of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. ("CFA"), and the Regulations Governing General Advertising, N.J.A.C. 13:45A-9.1 et seq. ("Advertising Regulations"), is not the subject of any other action pending in any other court of this State. I am aware that private contract and other actions have been brought against the Defendants, but have no direct information that any such actions involve violations of the CFA and Advertising Regulations. I further certify that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I also certify that there is no other party who should be joined in this action at this time.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 
Alina Wells
Deputy Attorney General

Dated: March 16, 2009
Newark, New Jersey

DESIGNATION OF TRIAL COUNSEL

Pursuant to R. 4:25-4, Alina Wells, Deputy Attorney General, is hereby designated as trial counsel on behalf of Plaintiffs in this action.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: Alina Wells
Alina Wells
Deputy Attorney General

Dated: March 16, 2009
Newark, New Jersey