

Verizon, AT&T Agree to Pay \$116 Million in California and \$11 Million in Nevada to Settle Whistleblower Cases

Whistleblower Alleged Verizon and AT&T Overcharged California and Nevada's Educational Institutions, Local Governments and State Agencies for Years

Verizon Wireless and AT&T Mobility, the nation's largest wireless providers, have agreed to pay a combined \$116 million to settle a whistleblower lawsuit, and \$11 million to settle a similar lawsuit in Nevada. Plaintiffs in the suits claim the wireless carriers grossly overcharged their government customers for wireless services in California and Nevada. Susman Godfrey and co-counsel, Constantine Cannon, represented the whistleblower, along with the government entities that joined the lawsuits under the California and Nevada False Claims Acts.

Pursuant to the settlement, Verizon will pay \$68 million and AT&T \$48 million to California government entities, and Verizon will pay nearly \$8 million and AT&T \$3 million to Nevada government entities, to settle claims that, for more than a decade, the carriers knowingly ignored cost-saving requirements included in multibillion-dollar contracts offering wireless services to state and local government users. Verizon and AT&T have not admitted any liability in their settlement agreements and deny any wrongdoing.

"We were ready to prove at trial that Verizon and AT&T never delivered on promises they made in order to access our clients' billion-dollar market," said New York partner, [Bill Carmody](#). "This was a monumental outcome and serves as further evidence that California's False Claims Act is one of the strongest such laws in the country."

The contracts at issue, among the largest public-sector telecommunications contracts in the country, mandated that AT&T and Verizon optimize the government's wireless plans to fit their usage, thereby ensuring they received the "lowest cost available" wireless service. The carriers' failure to live up to their contractual promises cheated the two states' government entities out of hundreds of millions in savings each, the lawsuit alleged.

The whistleblower entity, OnTheGo Wireless, LLC, was formed by Jeffrey Smith, an early pioneer in wireless optimization. Through his familiarity and experience with wireless optimization, Smith concluded that the carriers failed to provide contractually required cost-saving opportunities to their government customers. OnTheGo sued the carriers under the California and Nevada False Claims Acts, which allow whistleblowers to sue on behalf of government entities and share in any recovery.

Smith said, "This has been a long and difficult road; the carriers fought hard. But I'm thrilled that, with the help of my lawyers and the government agencies that jumped in, we brought home a terrific victory for California and Nevada."

The largest users among the nearly 300 state and local entities recovering money for the excessive payments are the State of California, the California State University system, the University of California system, Los Angeles County, and Sacramento, San Diego, San Francisco, and Riverside city and county governments.

Sprint and T-Mobile previously reached settlements in these two lawsuits for \$11 million combined. In total, the four major telecom providers will pay \$138 million to settle allegations to the government plaintiffs in California and Nevada.

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Amanda Bonn, lead California trial counsel on this matter and a partner in Los Angeles remarked, “This is a phenomenal result. We are especially grateful to the thirty government entities—which ranged in size from the largest county in California to a small local fire district—who joined us in this fight. We are proud to represent them.”

The Susman Godfrey team includes Bill Carmody, Arun Subramanian, Amanda Bonn, Steven Shepard, Rachel Black, Jordan Connors, Meng Xi, Rohit Nath, Nicholas Spear, Jesse-Justin Cuevas, and Ari Ruben.

Susman Godfrey stands ready to assist state, local and federal governmental agencies who have been victims of fraud. There is no more important time for the private bar to step up to help protect the public fisc.

The California case, presided over by the Honorable Judy Holzer Hersher, is *State of California et al. ex rel. OntheGo Wireless, LLC v. Cellco Partnership et al.*, Case No. 34-2012-00127517 (Sacramento County Superior Court).

The Nevada case, *State of Nevada et al. ex rel. OntheGo Wireless, LLC v. Cellco Partnership et al.*, Case No. CV12-03093, was filed in the Second Judicial District of the State of Nevada, County of Washoe.

The intervening government entities included: State of Nevada, Regents of the University of California, Board of Trustees of the California State University, County of Los Angeles, County of Marin, County of Orange, County of Riverside, County of Sacramento, County of San Bernardino, County of Santa Cruz, County of Sonoma, County of Stanislaus, County of Yuba, City of Chino, City of Corona, City of Fortuna, City of Fresno, City of Long Beach, City of Oxnard, City of Rancho Cucamonga, City of Ripon, City of Riverside, City of Sacramento, City of San Bernardino, City of San Mateo, City of Santa Rosa, City of Vernon, San Diego Unified School District, Santa Ana Unified School District, Sonoma County Water Agency, Woodbridge Fire District.