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Verizon, AT&T To Pay Combined \$116M For Calif. Overcharges

By [Lauren Berg](#) · Sep 24, 2020, 10:00 PM EDT

[Verizon Wireless](#) and AT&T agreed Thursday to pay a combined \$116 million as part of a settlement resolving a California lawsuit that alleged the nation's largest cellphone providers overcharged government customers for more than a decade.

Verizon will pay \$68 million and AT&T Mobility will pay \$48 million to settle claims that they violated cost-saving agreements included in multibillion-dollar wireless contracts with state and local governments, according to a news release from [Constantine Cannon LLP](#), which represented the plaintiffs along with [Susman Godfrey LLP](#).



Verizon will pay \$68 million as its part of a settlement with state and local governments in California. (Daniel Acker/Bloomberg via Getty Images)

Sprint and [T-Mobile](#), also named as defendants [in the suit](#), previously agreed to pay a combined \$9.6 million to resolve the claims, according to the release. In total, the four major wireless providers will pay \$125.8 million to settle the allegations, the law firm said.

The long-running False Claims Act suit, brought by rate plan analysis firm OnTheGo Wireless LLC, was first filed in 2012 and alleged that the wireless providers double-crossed California government entities by seeking their business and then denying them cost-saving services that companies receive.

"It may be a rounding error to Verizon and AT&T, but this is real money to California's schools, local governments and state agencies who spent years scraping through their budget to pay what we now know were over-inflated bills," Wayne T. Lamprey of Constantine Cannon said in a statement on Thursday.

"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," Bill Carmody of Susman Godfrey added. "They pulled a classic bait-and-switch."

"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," he added.

Rich Young, a Verizon spokesman, told Law360 on Thursday that California's attorney general decided not to engage in the suit, but that OnTheGo took advantage of the False Claims Act.

"Verizon settled these meritless claims to avoid a protracted legal battle that would only have benefited the plaintiff and his attorneys," Young said.

In its own statement to Law360 on Thursday, AT&T said the company complied with its contracts and the law and denies any wrongdoing.

"However, nearly eight years after the suit was filed, the parties have decided to settle rather than continue costly and time-consuming litigation," an AT&T spokesperson said.

The contracts Verizon and AT&T had with the California entities, which the release noted are among the largest public-sector telecommunications contracts in the country, required that the entities be charged at the lowest cost available and that the carriers identify rate plans that suited actual usage patterns.

The carriers cheated the entities out of hundreds of millions of dollars, according to the lawsuit.

The largest users among the nearly 300 state and local entities that will recover money from the settlement include the state of California, the California State University system, the University of California system and Los Angeles County, as well as Sacramento, San Francisco and San Diego city and county governments, according to the release.

OnTheGo Wireless will receive about 40% of the settlement as a whistleblower reward under California's False Claims Act, according to the release, after the firm used software to compare rate plans and figured out that the companies were not offering the entities the lowest possible prices.

"I'm immensely gratified to have helped California taxpayers, and that the government will have these funds at this difficult time," Jeffrey Smith, the founder of OnTheGo Wireless, said in a statement on Thursday. "This has been a long and difficult road; the carriers fought hard. But with the help of my lawyers, and the government agencies that jumped in, we brought home a terrific victory for California."

Also on Thursday, Verizon and AT&T agreed to pay a combined \$11 million in a similar False Claims Act suit in Nevada, a representative for Constantine Cannon told Law360 on Thursday. The law firm said it has secured nearly \$139 million in recovery for the plaintiffs in both cases.

The whistleblower and government entities are represented by Wayne T. Lamprey, Anne Hayes Hartman, Ari Yampolsky, Sarah "Poppy" Alexander, Chris McLamb, Hallie Noecker and Ronny Valdes of Constantine Cannon LLP and Bill Carmody, Amanda Bonn, Arun Subramanian, Steven Shepard, Rachel Black, Jordan Connors, Meng Xi, Rohit Nath, Nicholas Spear, Jesse-Justin Cuevas and Ari Ruben of Susman Godfrey LLP.

Counsel information for Verizon and AT&T wasn't immediately available.

The case is State of California et al. v. Cellco Partnership DBA Verizon Wireless et al., case number 34-2012-00127517, in California Superior Court, County of Sacramento.

--Editing by Nicole Bleier.

Update: This story has been updated with additional comment from the plaintiffs' counsel.

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U.S.' largest cellphone providers Verizon, AT&T agreed to pay \$127M in settlement for overcharging government customers

 Nickie Louise POSTED ON SEPTEMBER 29, 2020



The nation's largest cellphone providers Verizon and AT&T have agreed to pay a combined \$127 million to settle lawsuits alleging that they overcharged government customers in California and Nevada for wireless services over more than a decade. The lawsuit was originally filed in 2012 and resulted in a settlement approved on Thursday last week by Sacramento County Superior Court, the plaintiffs' law firm, Constantine Cannon, [announced](#).

According to the announcement, "Verizon will pay \$76 million and AT&T \$51 million to settle claims that, for more than a decade, they knowingly ignored cost-saving requirements included in multibillion-dollar contracts offering wireless services to state and local government users in California, Nevada, and other states. Sprint and T-Mobile previously reached settlements totaling \$11.7 million. Combined, the four major telecom providers will pay \$138.7 million to settle allegations in the lawsuits." Those numbers do not include what the carriers agreed to pay in attorneys' fees, which is \$23.45 million from Verizon and \$13 million from AT&T.

“The conduct alleged by the whistleblower was shocking: that our country’s largest wireless carriers made promises to government agencies to get their business but failed to provide the same cost-saving service many Fortune 500 companies receive,” said Wayne T. Lamprey of Constantine Cannon, who filed the lawsuit and was lead counsel. “It may be a rounding error to Verizon and AT&T, but this is real money to California and Nevada’s schools, local governments and state agencies, who spent years scraping through their budgets to pay what we now know were over-inflated bills.”

The contracts, which are among the largest public-sector telecommunications contracts in the country, mandated that government entities be charged at the “lowest cost available” and that the carrier identifies “optimized” rate plans that best suited actual usage patterns that drive cost. The carriers’ failure to live up to their contractual promises cheated California and Nevada government entities out of hundreds of millions in savings, the lawsuits alleged.

The whistleblower entity, OnTheGo Wireless, LLC, was formed by Jeffrey Smith, an early pioneer in wireless optimization at the company he founded in 1997, eOnTheGo, Inc. Smith’s company created software applications that compared rate plans offered by carriers, and eOnTheGo has provided rate plan analysis and telecommunications expense management to both wireless carriers and large corporate and government purchasers. Through his work, Smith concluded the carriers failed to provide contractually-required cost-saving opportunities to their government customers. OnTheGo sued the carriers under the California False Claims Act and Nevada False Claims Act, laws that allows whistleblowers to bring suit on behalf of government entities in their respective states and share in any government recovery.

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

The whistleblower and the government plaintiffs were jointly represented by a Constantine Cannon team that included Wayne T. Lamprey, Anne Hayes Hartman, Ari Yampolsky, Sarah “Poppy” Alexander, Chris McLamb, Hallie Noecker, and Ronny Valdes, as well as litigation counsel led by Bill Carmody and Amanda Bonn of Susman Godfrey.

Smith said: “I’m immensely gratified to have helped taxpayers, and that the government will have these funds at this difficult time. This has been a long and difficult road; the carriers fought hard. But with the help of my lawyers, and the government agencies that jumped in, we brought home a terrific victory for state and local governments.”

OnTheGo will receive approximately 40% of the settlements as a whistleblower reward under the California and Nevada False Claims Acts.

