

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF ANOKA

TENTH JUDICIAL DISTRICT

Case Type: Other Civil
(Consumer Protection)

State of Minnesota, by its Attorney General,
Lori Swanson,

Court File No. _____

Plaintiff,

vs.

COMPLAINT

CenturyTel Broadband Services LLC,
d/b/a CenturyLink Broadband; Qwest
Broadband Services, Inc., d/b/a
CenturyLink; and Qwest Corporation,
d/b/a CenturyLink QC,

Defendants.

The State of Minnesota, by its Attorney General, Lori Swanson, for its Complaint against the above-referenced Defendants (“CenturyLink”), alleges as follows:

INTRODUCTION

1. CenturyLink promises a simple, low rate to Minnesota consumers for internet and cable television service. But CenturyLink has fraudulently charged some Minnesota consumers more than the price the company quoted to them at the time of sale. To make matters worse, CenturyLink has often refused to honor its quoted rates after consumers bring the price misrepresentations to the company’s attention. The State of Minnesota brings this action to stop these fraudulent practices and to enforce Minnesota’s consumer protection laws.

PARTIES

2. Lori Swanson, Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8; the Uniform Deceptive Trade Practices Act, Minnesota

Statutes sections 325D.43–48; the Consumer Fraud Act, Minnesota Statutes sections 325F.68-.694; and has common law authority, including *parens patriae* authority, to bring this action to enforce Minnesota’s laws, to vindicate the State’s sovereign and quasi-sovereign interests, and to remediate all harm arising out of – and provide full relief for – violations of Minnesota’s laws.

3. CenturyTel Broadband Services, LLC is a Louisiana limited liability company, doing business in Minnesota as CenturyLink Broadband. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Limited Liability Company Act. CenturyTel Broadband Services, LLC, acting in concert with other entities affiliated with CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.

4. Qwest Broadband Services, Inc. is a Delaware corporation, doing business in Minnesota as CenturyLink. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Foreign Corporation Act. Qwest Broadband Services, Inc., acting in concert with other entities affiliated with CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.

5. Qwest Corporation is a Colorado corporation, doing business in Minnesota as CenturyLink QC. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Foreign Corporation Act. Qwest Corporation, acting in concert with other entities affiliated with

CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.

JURISDICTION

6. Minnesota Statutes section 8.31 and common law authority provide this Court with jurisdiction over the subject matter of this action.

7. This Court has personal jurisdiction over CenturyLink as a result of CenturyLink and its affiliated entities' sales to and dealings with Minnesota consumers. CenturyLink conducts business in Minnesota and has committed acts causing injury to consumers located in Minnesota.

VENUE

8. Venue in Anoka County is proper under Minnesota Statutes section 542.09 because this cause of action arises in part in Anoka County. CenturyLink does and has done business in Anoka County, and CenturyLink's unlawful acts have harmed Anoka County residents, among others.

FACTUAL BACKGROUND

I. CENTURYLINK SELLS ITS INTERNET AND CABLE TELEVISION SERVICES IN A PRICE-SENSITIVE MARKET.

9. For decades, CenturyLink and its related entities offered regulated telephone service to Minnesota residents. As a result, many Minnesotans view CenturyLink as a telephone company operating in a predictable and regulated market.

10. More recently, CenturyLink has branched into other lines of business. The company now sells internet and cable television service to Minnesota residents. CenturyLink competes with other cable television and internet providers, satellite television companies, and cellular providers for market share for these services.

11. There has been a near five-fold increase in the number of internet subscribers in the past two decades. The number of consumers who subscribe to cable service is declining, reducing cable providers' revenue by an estimated \$1 billion per year. Satellite television service went from being non-existent to servicing 25% of households in a single generation.

12. CenturyLink has responded to these market dynamics in part by promising prices designed to attract price-sensitive consumers. But CenturyLink has deceptively charged some Minnesota consumers more than it promised them at the time of sale.

II. CENTURYLINK USES COMPLEX AND DECEPTIVE PRICING PRACTICES.

13. During its investigation, the State asked CenturyLink to produce information about the prices it charges to Minnesota consumers for internet and cable television services. CenturyLink produced more than 1,000 pages of documents it stated were an "overview" of its pricing policies. The company claimed that the State's request that CenturyLink produce full information about its prices was "unduly burdensome."

14. These pricing documents reveal a complex and elaborate pricing system in which layers of conditions and exceptions can affect the rates paid by consumers. To quote an accurate price, CenturyLink's sales agents must accurately process this information and then explain the final price to consumers at the time of sale.

15. The stories below reveal a recurring disconnect between the quotes CenturyLink has given to consumers and the actual prices they were charged, supposedly based on hidden rules contained in the company's complex billing system, which CenturyLink claims are "trade secrets." The disconnect happens in many ways, but the bottom line is that CenturyLink routinely fails to live up to its promises about the total prices consumers will pay for its services.

A. Calculating the Actual Cost That CenturyLink Will Charge for Internet and Television Service Starts with Determining Which of the Company's Thousands of Base-Rate Scenarios Apply.

16. CenturyLink's base rates depend on several factors. By using combinations from only four factors – the speed of the consumer's internet connection, the presence or absence of CenturyLink e-mail service, the manner in which CenturyLink connects a consumer's home to the Internet, and the number of channels included in its television packages – CenturyLink's pricing scheme starts with more than 1,500 different scenarios that can affect the base rates that CenturyLink will charge.

17. As the stories below show, CenturyLink often misrepresents the base monthly rate it will charge consumers for its internet and television services, and the company's sales practices and misrepresentations confuse Minnesota consumers.

B. CenturyLink Offers Promotional Pricing Without Explaining the Thousands of Company Rules and Exceptions That Cause Consumers To Pay More.

18. CenturyLink told the State that it has “hundreds of promotional offers at any time.” CenturyLink refused to disclose all of the promotions made to Minnesota consumers, calling the request to produce all associated information about its promotions “unduly burdensome.” CenturyLink did disclose an “overview” of 175 of its internet and television promotions.

19. Each promotion includes a matrix of complex and subtle information, starting with the conditions and exceptions governing the promotion. These conditions and exceptions vary by promotion but typically identify which consumers or products are supposedly eligible to receive the promotion and price. The conditions and exceptions also specify additional actions that consumers must take – or cannot take – after their purchase to preserve their eligibility for the promotion. CenturyLink's promotional conditions and exceptions are further restricted by

additional exceptions identifying additional promotions that are incompatible with the offered promotion. CenturyLink's promotional materials also impose special ordering instructions for CenturyLink's sales agents, who are paid commissions based on the number of customers they sign up for the company's services.

20. These promotional offer matrices contain a large amount of information that would have to be accurately processed by the company, with the outcome then explained to consumers at the time of sale if the company is to quote an accurate price to consumers. CenturyLink uses as many as 29 conditions and exceptions per promotion. Some promotions identify up to 138 "disqualifying" combinations of promotions. The standard ordering process requires CenturyLink's agents to perform up to 31 steps to add internet service and up to 18 steps to add television service to consumers' accounts. The promotional matrices reveal as many as 19 additional or special steps per promotion that CenturyLink's agents must perform to apply promotions to consumers' accounts.

21. Collectively, these documents – which provide an overview of just some of CenturyLink's promotional offerings – reveal more than 2,000 conditions and exceptions that CenturyLink uses to increase the price it charges consumers above what it promises them at the time of sale. The pricing documents – which CenturyLink marked "Trade Secret" (meaning they are hidden from consumers) – collectively identify nearly 3,800 disqualifying combinations of promotions that ostensibly make a consumer ineligible to receive a promotion.

22. As the stories below show, CenturyLink has misrepresented the price of its internet and cable television services by promising prices to Minnesota consumers that it did not

deliver. Most consumers who are misquoted do not discover the company's actual prices until they receive their first bill.¹

C. CenturyLink Adds Dozens of Fees on Top of Its Base Rates.

23. On top of its base rates, CenturyLink adds any number of its dozens of one-time and monthly recurring fees to consumers' bills. CenturyLink classifies some fees as relating to accessories, equipment, activation, shipping and handling, and installation. CenturyLink also adds at least one "fee" (the "Internet Cost Recovery Fee") for which the classification or purpose is not readily apparent, but which is added to the bills of all of its internet subscribers. Other fees apply depending on the type of service consumers purchase. In some cases, the extra fees can add up to more than the base rates that CenturyLink promises.

III. CENTURYLINK HAS REGULARLY MISREPRESENTED THE PRICE OF ITS INTERNET AND TELEVISION SERVICES AND HAS ROUTINELY REFUSED TO HONOR ITS OFFERS.

24. CenturyLink has regularly misquoted the price of its internet and television services to Minnesota consumers. In response to a complaint from the Minnesota Attorney General's Office on behalf of a consumer, a CenturyLink employee stated that, of the sales recordings she reviews, "maybe 1 out of 5 are quoted correctly or close enough. I have one today quoted \$39 and its over \$100 monthly." She further stated that "in many cases, the customer calls in for several months and [is] promised callbacks, passed around, or cut off before going to the AG, PUC, FCC, or BBB." Her April 22, 2015, e-mail reads as follows:

¹ CenturyLink told the State that all but a "small percentage" of its Minnesota consumers are billed through the company's "CRIS billing system." CenturyLink produced the exemplar "Welcome Letters" that this billing system allegedly sends to Minnesota consumers after the sale. These exemplar letters do not disclose any prices. And by using the prominent heading "Your Order Confirmation," CenturyLink falsely lulls Minnesota consumers into thinking that CenturyLink is only confirming the offer that the company's sales agent just promised them.

From: Ornelas, Diana L
Sent: Wednesday, April 22, 2015 11:30 AM
To: Orr, Dan
Subject: RE: Minn Attorney General complaint, [REDACTED]
[REDACTED]

I understand and also like to get it when the call is still available. I have so many I get every day and honestly, I could say maybe 1 out of 5 are quoted correctly or close enough. I have one today quoted \$39 and its over \$100 monthly. So I tend to get on the defensive for the customer at times because of the large amount that are misquoted. As in many cases, the customer calls in for several months and promised call backs, passed around, or cut off before going to the AG, PUC, FCC or BBB and we are unable to review the calls. Hopefully in the future we can have them saved for a longer period or a better resolution would be to get that person back to the sales rep or sales rep manager on the first call to the company after the service is installed. Then the issue could be reviewed, resolved and feedback/training provided.

25. In a May, 2015 recording obtained by the State, another CenturyLink employee laments that there are “not enough people to do the work” of responding to the “whole pile of Minnesota [complaints]” that “usually come in groups of 10.”

26. The following paragraphs contain examples of these complaints.²

27. **B.T.** uses his Ph.D. in applied economics to scrutinize financial information for his employer. CenturyLink offered him internet service for \$14.95 per month for one year and \$24.95 per month for a second year. CenturyLink actually charged him a base rate of \$29.95 per month. **CenturyLink repeatedly refused to honor its offer** and threatened to charge him a

² This Complaint includes the representative and illustrative experiences of 35 Minnesotans to describe how CenturyLink has deceived consumers. The State’s allegations are not confined to the consumers described in this Complaint. These experiences are non-exclusive examples that generally illustrate CenturyLink’s unlawful conduct. In some cases after the Attorney General’s Office intervened, CenturyLink agreed to apply at least partial credits to consumers’ accounts following the company’s price misrepresentations.

\$200 penalty if he cancelled his service, even though the company's complaint file states that CenturyLink listened to the recording of the sales call and confirmed the "misquote." CenturyLink told B.T. that "no one at CenturyLink can get you that price," even though the company had promised it to him.

28. **K.S.** needed low-cost internet service for her daughter to complete her homework. CenturyLink offered her internet service for \$14.99 per month for six months but failed to charge her the promised rate. **A supervisor would not honor CenturyLink's offer** and claimed she had "used up" her discounts and denied that the company had offered her internet service for \$14.99 per month. CenturyLink's complaint file states that the company listened to the sales call and confirmed CenturyLink's offer of service for \$14.99 per month.

29. CenturyLink offered internet service to **K.Z.** for a base rate of \$19.95 per month but charged him a base rate of \$37 instead. **A supervisor refused to honor CenturyLink's offer**, telling him he was "misquoted." CenturyLink told him that the company's offers are "not binding commitments" and discounts are "a gift from us to you" that CenturyLink can rescind at its discretion. CenturyLink later told him that "the system" had "auto-removed" a discount from his account, thereby raising the price of his service above what CenturyLink promised.

30. **H.D.H.** agreed to keep her basic CenturyLink plan after the company promised her the same rate for another year. CenturyLink increased her bill by more than 50% the following month. She provided her confirmation number, but the company **repeatedly refused to honor its offer**, claiming that CenturyLink can "give you all the confirmation numbers in the world," but if CenturyLink "quotes you [a rate] not available it's going to get denied." CenturyLink told her the previous agent she spoke to did not "even know what offers we have to

offer in the first place” and claimed that what the company previously promised her was “irrelevant.”

31. R.T. is a 62-year-old businessman from Blaine. He used CenturyLink’s on-line chat feature to purchase CenturyLink internet service for \$29.95 per month for two years, and television service for \$39.97 per month for one year and \$59.96 per month the next year:

[REDACTED] my contract for internet is not up for a few months
Gianna C.: I can put you in a promotion of 2 years for \$29.95 by adding PrismTV
.....
[REDACTED] looks good, I will look at the channel line ups and then decide , the package you are listing above is what tv package. does this include tehrental equipment costs
Gianna C.: It includes everything R [REDACTED]
Gianna C.: It is the essential package.
Gianna C.: If you set it up with me today I can also offer you \$25 off in your monthly bill so you are going to be paying \$39.97 for the first year and \$59.96 for the second year.

CenturyLink charged him \$194.84 the month after he accepted this offer. CenturyLink billed him at least \$107.68 per month the following months. R.T. repeatedly asked for the rate promised to him, and **CenturyLink refused to honor its written offer.** CenturyLink later told him that its television service was “not a regulated or tariffed [sic] product” so CenturyLink could “raise or lower the base product price as determined by CenturyLink.”

32. J.S. is an occupational therapist. She accepted CenturyLink’s offer of internet and television service for \$91.83 per month for one year. CenturyLink **repeatedly failed to honor its promise** and charged her \$202.04, \$103.43, \$116.97, \$108.15, and \$128.26, respectively, the first five months she had this package. CenturyLink told her its billing system is “complicated” and “hard to explain” and that sales agents can offer promotions that the system then “removes.”

33. A.G. is an attorney. Door-to-door CenturyLink agents sold him a package they promised in writing would cost \$90.82 the first full month, \$140.11 for the second through twelfth months, and \$199.10 for the thirteenth through thirty-sixth months:

12/24 - 3 - 12/28
1 = 90.82
2-12 = 140.11
13-36 = 199.10
37+ = 224.00
pro = 14.01
NFC = 36.07
Call back for new promotion
for prism-tv

CenturyLink repeatedly refused to honor its offer, charging him hundreds of dollars more than its written offer in the following months. CenturyLink later claimed that he had received “all the discounts” he was “qualified” to receive.

34. K.N. is 60 years old and lives in Britt. CenturyLink promised him internet service for a base rate of \$29.95 per month but **failed to bill him as promised**, charging him a base rate of \$61 instead. CenturyLink told him, “you’re doing math, and you’re trying to break [the cost] down in a way that it’s not supposed to be broken down . . . there’s no ‘this is how much it costs.’” K.N. asked how much the company would charge him the next month, and CenturyLink said, “honestly, you’re not going to know . . . until the next bill prints.” CenturyLink later wrote to him stating he was “ineligible” for the offer CenturyLink promised him and that he had accepted months earlier.

35. CenturyLink has routinely refused to honor its offers without adequately reviewing or considering customers’ complaints that they were charged more than they were

quoted. CenturyLink gives a variety of excuses to Minnesota residents as to why it will not honor the prices quoted to them. For example, a CenturyLink supervisor told **B.P.**, a Hibbing business owner, that **CenturyLink is “not responsible” for its sales agents’ offers.**

36. CenturyLink promised to beat the \$112 per month that **J.A.**, a psychologist, was paying for her service. CenturyLink instead charged her a series of rates fluctuating around \$145 per month. **CenturyLink refused to honor its offer**, claiming to have no record of the offer she accepted while simultaneously claiming that she was “correctly billed.”

37. **H.R.** is an assistant professor with a Ph.D. CenturyLink offered him internet service for \$29.95 per month but charged him more than double that rate. An agent told him it was not possible to receive his internet service for \$29.95 per month and that **nothing could be done to get the rate CenturyLink promised.**

38. **T.H.** is 24 years old and has an accounting degree. CenturyLink promised him internet service for \$28.93 per month but charged him \$44.67. A supervisor told him **CenturyLink would not honor its offer.** The company then wrote to him and claimed it “does not guarantee that promotional discounts are available and the number of available discounts have restrictions and qualifications.”

39. A door-to-door CenturyLink agent sold a package to **C.A.**, a retiree from Spring Lake Park, that the agent promised would cost a total of \$100 per month for one year and \$115 per month the second year. The agent told C.A. those rates included all charges. The agent’s offer sheet listed no charges other than the \$100 and \$115 rates:

REGULAR PACKAGE PRICE:

\$115 (2ND YEAR)

PROMOTIONAL PRICE:

\$100 (1ST YEAR)

CenturyLink charged him more than it promised and **refused to honor the written offer**. Yet the company told C.A. it would charge him a cancellation penalty if he terminated his service.

40. Internal CenturyLink documents show that the company has a policy not to honor its sales agents' offers under certain scenarios, including when agents do not properly enter a promotion into CenturyLink's billing system.

41. For example, L.F. accepted CenturyLink's offer to receive internet service for \$19.01 per month, but CenturyLink charged her \$55.99 the following month. CenturyLink told L.F. that the offer she had accepted appeared in CenturyLink's billing system, but that **CenturyLink would not honor that offer**.

42. K.K. is a legal assistant. CenturyLink promised her internet service for \$24.99 per month, but the company charged her a base rate of \$44.95 per month. CenturyLink claimed the offer she had already accepted was "not available" to her. **CenturyLink refused to honor its offer**. The threat of a cancellation penalty trapped K.K. into staying with CenturyLink.

43. P.O. is a 61-year-old certified public accountant. He purchased a CenturyLink package for \$55.91 per month, but CenturyLink actually charged him \$97.95. The company claimed that its "system" showed P.O. should have been billed even more. **Multiple CenturyLink agents refused to honor the promised rate**, and the company charged him \$103.39 the following month. CenturyLink later wrote to him claiming its "billing system automatically block[ed]" the offer CenturyLink had promised.

44. M.B. is a mother of six, and her family lives on a budget. She purchased CenturyLink's internet service, which the company offered to her for \$29.95 per month. CenturyLink actually charged her a base rate of \$39.95. **CenturyLink refused to honor its offer**, telling M.B. that the offer she had already accepted was "not available."

45. J.F. is a retired engineer. CenturyLink offered him internet service for a base rate of \$19.95 per month. The company then sent him a bill for \$367.33, including internet service for a base rate of \$71. A CenturyLink agent told him that the company had “verified” the offer but that **CenturyLink would not honor the promised rate.**

46. P.W. is a mortgage processor who previously investigated fraud claims for a bank. CenturyLink sold him a package, but the company **did not bill him as promised** and threatened to charge him an early termination penalty if he cancelled his service.

47. R.S. purchased a CenturyLink package that the company promised would cost \$75 per month. R.S. asked about additional fees and CenturyLink mentioned only a one-time charge. CenturyLink charged R.S. fluctuating rates between \$108.41 and \$310.10 the following months. CenturyLink **refused to honor its offer.**

48. O.N. is retired. CenturyLink offered him a package for approximately \$50 per month. CenturyLink **never billed him as promised** and charged him as much as \$258.46 in one month after he accepted CenturyLink’s offer.

49. CenturyLink sold a package to A.K. that the company promised would lower his monthly rate. CenturyLink actually increased the price of A.K.’s service by nearly \$50 per month. A.K. repeatedly called CenturyLink, which then falsely promised to bill him \$87 per month – all taxes and fees included. CenturyLink charged him \$111.84, \$114.85, \$115.85, \$122.84, and \$123.88 the following months. A.K. kept contacting the company, but **CenturyLink repeatedly failed to bill him as promised.** When he cancelled his service, CenturyLink charged him an early cancellation penalty.

50. R.K. and D.G. are a married couple. CenturyLink promised them internet service for \$19.95 per month but charged them a base rate of \$29.95. A supervisor **refused to honor**

CenturyLink's offer. CenturyLink told them it had "misinformed" them when they purchased the service but that \$29.95 per month was "the only rate" the company would now honor.

51. CenturyLink promised A.L. a "price lock" package for \$73.90 per month. **CenturyLink never charged him as promised, billing him \$227.48, \$84.06, \$97.27, \$98.34, \$88.34, and \$90.27 in the months after CenturyLink sold him the "price lock."**

52. CenturyLink knows it provides consumers with inaccurate information. This knowledge is so ingrained that a specialist responding to a Minnesota complaint simply assumed that CenturyLink would not have provided the consumer with accurate information:

From: CENTURYLINK TCS Tier 2 [REDACTED]
Sent: Tuesday, February 17, 2015 12:01 PM
To: Brewer, Mary C
Cc: CENTURYLINK TCS Tier 2
Subject: FW: [REDACTED]

Good Afternoon Mary,

Below are our final findings. We do apologize, however we were unable to retrieve the requested .wav file. Though based on experience, I hope you agree, I think that the agent would not have told the customer that they could not get the Price for Life back. The agent did not start until 9/22/14 and would not have had the experience at the time of this call to properly set the expectations. Please let us know if any additional information is needed.

If you have any questions or concerns please let me know.

Jessica Wylie
Research & Resolution Specialist, Qualfon CDA

53. **Fr. U.** is a retired accountant. He accepted CenturyLink's offer to upgrade the speed of his internet service with no increase in the monthly rate. CenturyLink failed to follow through on its promised rate, and when Fr. U. contested the increase, a supervisor told him that **CenturyLink's agents need more training.**

54. CenturyLink promised internet service to S.G. for \$19.95 per month. CenturyLink charged her a base rate of \$29.95 per month. She reported the misrepresentation to CenturyLink, which **did not honor its promise.**

55. **J.T.** is a retired engineer and purchased a three-year “premium price lock” package that CenturyLink promised would cost a total of \$106.94 per month. **CenturyLink would not honor the “locked” \$106.94 rate** and charged him a series of fluctuating rates averaging more than \$144.

56. CenturyLink offered internet service to **D.G.**, a retired school teacher from Eveleth, for \$29.95 per month. **CenturyLink did not bill him as promised**, charging him a base rate of \$39.95.

57. **S.H.** is a 70-year-old former director of a non-profit organization. She purchased a CenturyLink package that the company said would cost a total of approximately \$54 per month. CenturyLink actually charged her \$103.87. When S.H. called about the bill, a supervisor told her the discrepancy would be fixed the following month. The company charged her \$76.46 and \$77.96 the following months. **CenturyLink then refused to honor its offer.**

58. CenturyLink sold a new plan to **D.S.** that the company claimed would lower the price of his service. CenturyLink **charged him more than it promised**, increasing his bill by \$27.51 the following month.

59. CenturyLink sold a package to 76-year-old retiree **K.T.** that the company promised would cost \$62.14 for the first month, \$40.91 for the second month, and \$85.92 for the third through twelfth months. CenturyLink charged K.T. \$172.24 the first month and then **falsely promised to fix his bill.**

60. **P.H.**, a retired school teacher, purchased a package that CenturyLink promised would save her money and cost approximately \$50 per month. **CenturyLink failed to bill her as promised.**

61. **B.K.** is a freelance art director. He purchased internet service for \$29.95 per month, but CenturyLink actually charged him a base rate of \$71. CenturyLink **refused to honor its offer**, claiming there were no promotions available to him, even though B.K. had already accepted such an offer.

62. **P.J.**, a business owner, purchased a CenturyLink package, but **the company failed to bill him as promised**, charging him hundreds of dollars more than it promised during the time he received service.

63. **M.H.** is 81 years old and lives on a budget. She agreed to keep her service after CenturyLink promised her the same rate for another year. CenturyLink increased her bill and then charged her a series of changing rates. **CenturyLink refused to give her the rate it promised**, telling her “there’s just no promotions that exist” that could keep the price of her service the same as she had been promised. CenturyLink threatened to charge her a \$200 cancellation penalty if she terminated her service. When M.H. asked if CenturyLink had “lied to [her]” about the price of its service, an agent responded, “I would say so. Yes.” She asked to speak with a supervisor. The agent would not transfer her, claiming CenturyLink’s employees are “all in different . . . locations” and “there’s nothing my facility would be able to do about [the misrepresentation].” CenturyLink later wrote to her claiming that its “system” would have “automatically blocked any attempt” to keep the price of her service the same, even though CenturyLink had promised her just that.

64. As noted in the examples above, CenturyLink has quoted monthly prices that turn out to be inaccurate for a variety of reasons. CenturyLink often fails to honor the base rate it promises consumers.

65. In addition, the price quotes are sometimes inaccurate for the added reason that the company failed to include a monthly charge called an "Internet Cost Recovery Fee" in its actual price quotes given to Minnesota consumers, even when consumers ask about additional fees or the total price they will pay. *See e.g.*, R.T. (told price quote included "everything" but charged more, including Internet Cost Recovery Fee); C.A. (promised quote included all taxes and fees but still charged additional Internet Cost Recovery Fee); R.S. (charged more than quoted, including Internet Cost Recovery Fee, even after asking about all additional fees).

66. In other cases, CenturyLink misrepresents and minimizes the price of the company's internet service by not disclosing this fee during the sales conversation in which consumers and CenturyLink primarily discuss the base cost of CenturyLink's internet service. *See e.g.*, B.T. (charged more than promised, including unmentioned Internet Cost Recovery Fee); H.R. (charged more than double what CenturyLink promised, plus Internet Cost Recovery Fee company did not mention in sales conversation); K.K. (deceived by \$20 per month in base rate plus unmentioned Internet Cost Recovery Fee); M.B. (charged more than promised, including unmentioned Internet Cost Recovery Fee); J.F. (billed base rate nearly four times promised rate plus Internet Cost Recovery Fee); A.L. (paid fluctuating rates above promised offer, including unmentioned Internet Cost Recovery Fee); S.G. (charged base rate of 50% more than quoted plus unmentioned Internet Cost Recovery Fee); D.G. (charged more than promised, including unmentioned Internet Cost Recovery Fee); B.K. (billed more than double quoted offer plus unmentioned Internet Cost Recovery Fee).

67. CenturyLink's so-called Internet Cost Recovery Fee is charged to every Minnesota consumer who has internet service with the company. The fee started at \$0.99 per internet connection, per month, was raised to \$1.99 per internet connection, per month, and is

now \$3.99 per internet connection, per month. That means each consumer now pays an added \$47.88 per year to CenturyLink just in Internet Cost Recovery Fees.

68. CenturyLink has misrepresented the nature of the Internet Cost Recovery Fee to consumers who notice it on their multi-page bills, sometimes falsely calling it: a federal fee; a fee for their internet line; a phone tax; an undisputable charge; a FCC-regulated fee; a form of insurance; a fee that is negotiated with each state; or a fee for the consumer's phone line. An internal CenturyLink communication from April of 2016 produced to the State acknowledges that the company has "misinformed" consumers by calling the Internet Cost Recovery Fee "a tax," a false description repeated on recordings produced to the State. The Internet Cost Recovery Fee is not any of these things. It is simply part of the base monthly rate that CenturyLink charges all Minnesota consumers with internet service, but that the company has artificially listed separately on its bills as a "fee" to make its base rates appear lower to price-sensitive customers.

69. Minnesota consumers have purchased CenturyLink's services based on the company's deceptive representations about the price of its services.

70. Special circumstances exist that triggered a duty on the part of CenturyLink to disclose material facts about the prices consumers will pay. First, CenturyLink had special knowledge which Minnesota consumers did not have at the time of their purchase of the full scope of the conditions, exceptions, and charges that CenturyLink uses to determine the prices to bill consumers. Consumers do not possess this special knowledge; in fact, CenturyLink designated these rules "Trade Secret" during the State's investigation. CenturyLink knows it operates in a price-sensitive market where consumers shop based on the final monthly rate they will pay. CenturyLink knew or had reason to know that potential customers would place their

trust in CenturyLink and rely on the company to inform them of material facts relating to the cost of CenturyLink's service. CenturyLink abused that trust by making verbal representations that included only a single price that consumers believed was the total price and by not disclosing that additional factors governing these offers would lead to a higher price. Second, CenturyLink did not say enough to prevent the representations it made to consumers from being deceptive and misleading.

71. The State brings this action to protect Minnesota consumers from CenturyLink's unlawful acts.

COUNT I CONSUMER FRAUD

72. The State of Minnesota re-alleges all prior paragraphs of this Complaint.

73. Minnesota Statutes section 325F.69, subdivision 1 reads:

The act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoined as provided in section 325F.70

Minn. Stat. § 325F.69, subd. 1 (2016).

74. The term "merchandise" within the meaning of Minnesota Statutes section 325F.69 includes services. *See* Minn. Stat. § 325F.68, subd. 2 (2016).

75. CenturyLink has repeatedly violated Minnesota Statutes section 325F.69, subdivision 1, by engaging in the deceptive and fraudulent practices described in this Complaint, with the intent that others rely thereon in connection with the sale of its internet and television services. Among other things, CenturyLink has falsely promised consumers that its service will

cost a particular price when in fact the company charges consumers another price as a result of the practices described in this Complaint.

76. Due to the deceptive and fraudulent conduct described in this Complaint, Minnesota consumers have made payments to CenturyLink for goods and services that they otherwise would not have purchased or in amounts that they should not have been required to pay, thereby causing harm to those consumers.

77. Given the representations it made, its special knowledge, and the circumstances described in this Complaint, CenturyLink had a duty to disclose material facts to potential customers in connection with its marketing and offering of goods and services to Minnesota consumers, including the additional prices and factors that would result in the company not honoring its quoted monthly prices. By not doing so, the company failed to disclose material information in violation of Minnesota Statutes section 325F.69, subdivision 1.

78. CenturyLink's conduct, practices, actions, and material omissions described in this Complaint constitute multiple, separate violations of Minnesota Statutes section 325F.69.

COUNT II DECEPTIVE TRADE PRACTICES

79. The State of Minnesota re-alleges all prior paragraphs of this Complaint.

80. Minnesota Statutes section 325D.44, subdivision 1 provides in part that:

A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

(9) advertises goods or services with intent not to sell them as advertised;

(11) makes false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

*** or

(13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

Minn. Stat. § 325D.44, subd. 1 (2016).

81. CenturyLink has repeatedly violated Minnesota Statutes section 325D.44, subdivision 1, by engaging in the deceptive and fraudulent conduct described in this Complaint. CenturyLink's conduct caused a likelihood of confusion or misunderstanding among consumers regarding, among other things, the prices of CenturyLink's internet and television service. CenturyLink has advertised its services with the intent not to sell them at the advertised price because, among other things, CenturyLink has quoted prices to consumers that it later claims are impossible for consumers to receive. CenturyLink has also made false and misleading statements about the reasons for, existence of, and amounts of price reductions it promised to Minnesota consumers but subsequently failed to deliver to those consumers.

82. Due to the deceptive and fraudulent conduct described in this Complaint, consumers made payments to CenturyLink for goods and services that they otherwise would not have purchased or in amounts that they should not have been required to pay.

83. Given the representations it made, its special knowledge, and the circumstances described in this Complaint, CenturyLink had a duty to disclose all material facts to potential customers in connection with its marketing and offering of goods and services to Minnesota consumers, including the additional prices and factors that would result in the company not honoring its quoted monthly prices. By not doing so, the company failed to disclose material information in violation of Minnesota Statutes section 325D.44, subdivision 1.

84. CenturyLink's conduct, practices, and actions described in this Complaint constitute multiple, separate violations of Minnesota Statutes section 325D.44.

RELIEF

The State of Minnesota, by its Attorney General, Lori Swanson, respectfully asks this Court to enter judgment against CenturyLink awarding the following relief:

1. Declaring that CenturyLink's acts described in this Complaint constitute multiple, separate violations of Minnesota Statutes sections 325F.69 and 325D.44;

2. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parent or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from violations of Minnesota Statutes sections 325F.69 and 325D.44;

3. Awarding restitution under the *parens patriae* doctrine, the general equitable powers of this Court, Minnesota Statutes section 8.31, and any other authority for all persons injured by CenturyLink's acts as described in this Complaint;

4. Awarding civil penalties pursuant to Minnesota Statutes section 8.31, subdivision 3, for each separate violation of Minnesota Statutes sections 325F.69 and 325D.44;

5. Awarding the State of Minnesota its attorneys' fees, litigation costs, and costs of investigation, as authorized by Minnesota Statutes section 8.31, subdivision 3a; and

6. Granting such further relief as provided by law or equity, or as the Court deems appropriate and just.

Dated: July 12, 2017

Respectfully submitted,

LORI SWANSON
Attorney General
State of Minnesota

JAMES W. CANADAY
Deputy Attorney General

/s/ Alex K. Baldwin

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ATTORNEYS FOR STATE OF MINNESOTA

**MINN. STAT. § 549.211
ACKNOWLEDGMENT**

The party or parties on whose behalf the attached document is served acknowledge through their undersigned counsel that sanctions may be imposed pursuant to Minn. Stat. § 549.211.

Dated: July 12, 2017

/s/ Alex K. Baldwin
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