

Jackie Lacey

District Attorney
<http://da.lacounty.gov>



NEWS RELEASE

Media Contact:

Ricardo Santiago
Public Information Officer
213-257-2000
RSantiago@da.lacounty.gov
Twitter: @LADAOffice

February 20, 2020

District Attorney Jackie Lacey Announces Historic \$18.8 Million Settlement with Time Warner Cable Over Internet Speeds

Los Angeles County District Attorney Jackie Lacey today announced a historic \$18.8 million settlement with Time Warner Cable LLC on behalf of more than 170,000 consumers throughout California who paid for internet speeds they did not receive.

It is the largest direct restitution order ever secured by the Los Angeles County District Attorney's Office in a consumer protection lawsuit. The vast majority of the money will be returned to consumers through automatic credits on their monthly cable/internet bills from Spectrum, the parent company of Time Warner Cable, following a May 2016 merger.

"This historic settlement serves as a warning to all companies in California that deceptive practices are bad for consumers and bad for business," District Attorney Lacey said. "We as prosecutors demand that all service providers – large and small – live up to their claims and fairly market their products. When they don't, my office will take legal action to protect consumers."

The lawsuit, filed by the District Attorneys of Los Angeles, San Diego and Riverside counties in Los Angeles County Superior Court, alleged unlawful business practices. Specifically, prosecutors accused Time Warner Cable of using misleading advertising practices to lure consumers to pay for high-speed internet services the company could not deliver, beginning in 2013.

Los Angeles County Superior Court Judge Gregory Keosian signed the stipulated final judgment between prosecutors and Time Warner Cable on Feb. 14, 2020.

Under the settlement, \$16.9 million in restitution will be distributed directly to eligible customers, based on the type of service they purchased from Time Warner Cable.

Some customers were issued outdated modems, making it impossible for them to receive the higher bandwidth they purchased. Others paid for higher internet speeds that Time Warner's infrastructure could not deliver. They are eligible to receive approximately \$90 in a one-time credit on their cable/internet bills. A few consumers who both were issued outdated modems and paid for higher

internet speeds will be eligible to receive approximately \$180 in credit. Spectrum must automatically issue credits to all eligible consumers within 60 days.

In addition, all Time Warner Cable internet customers in California will be offered one of two free services. Those who are cable TV subscribers will be offered three free months of Showtime, if they do not already subscribe to Showtime, valued at \$45. Customers with only internet services will be offered one free month of an entertainment streaming package, Spectrum Choice, valued at approximately \$40. The total value of these free service offers will depend on how many people sign up.

Time Warner Cable also agreed to pay \$1.9 million to the three prosecuting agencies in the case to cover costs associated with the investigation and prosecution of this and future consumer protection cases. The amount will be split evenly among the three agencies.

As a result of this lawsuit, Time Warner Cable also agreed to a prohibition on advertising internet speeds it knows or should know it cannot consistently deliver during peak hours. The company also is required to ensure that its customers are issued equipment that can actually deliver advertised speeds.

Time Warner Cable cooperated in the investigation and resolution of this case but did not admit liability.

Deputy District Attorneys Stanley P. Williams, Hoon Chun, Jessie McGrath and Steven Wang of the Consumer Protection Division handled the case on behalf of the Los Angeles County District Attorney's Office.

[About the Los Angeles County District Attorney's Office](#)

Los Angeles County District Attorney Jackie Lacey leads the largest local prosecutorial office in the nation. Her staff of nearly 1,000 attorneys, 300 investigators and 800 support staff members is dedicated to protecting our community through the fair and ethical pursuit of justice and the safeguarding of crime victims' rights.

1 JACKIE LACEY
2 Los Angeles County District Attorney
3 STANLEY P. WILLIAMS SBN 106658
4 Head Deputy
5 HOON CHUN SBN 132516
6 Assistant Head Deputy
7 JESSIE LEE ANN MCGRATH SBN 131702
8 Deputy District Attorney
9 211 W. Temple Street, 10th Floor
10 Los Angeles, CA 90012
11 Telephone: (213) 257-2450
12 Facsimile: (213) 633-0996
13 E-mail: hchun@da.lacounty.gov

*Exempt from filing fee pursuant
to Government Code § 6103*

FILED
Superior Court of California
County of Los Angeles
02/14/2020

Sherri R. Carter, Executive Officer / Clerk of Court
By: L. Woods Deputy

14 [Additional counsel listed in Appendix A]
15 Attorneys for Plaintiff the PEOPLE OF THE STATE OF CALIFORNIA

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA
17 FOR THE COUNTY OF LOS ANGELES

18 THE PEOPLE OF THE STATE OF CALIFORNIA,

19 Plaintiff,

20 vs.

21 TIME WARNER CABLE, LLC, a Delaware
22 Limited Liability Company,

23 Defendant.

Case No. 20STCV03872

**STIPULATION FOR ENTRY OF
FINAL JUDGMENT**

24
25
26 The PEOPLE OF THE STATE OF CALIFORNIA, through its attorneys JACKIE
27 LACEY, District Attorney of Los Angeles County, by Hoon Chun, Assistant Head Deputy
28

1 District Attorney; SUMMER STEPHAN, District Attorney of San Diego County, by Thomas A.
2 Papageorge, Head Deputy District Attorney; and MICHAEL A. HESTRIN, District Attorney of
3 Riverside County by Evan Goldsmith, Deputy District Attorney (hereinafter sometimes the
4 "PEOPLE") and TIME WARNER CABLE, LLC, a Delaware Limited Liability Company,
5 (hereinafter "DEFENDANT"), by and through its counsel, LATHAM & WATKINS LLP, by
6 Daniel S. Schechter, Esq., hereby enter into this Stipulation for Entry of Final Judgment.
7
8

9 WHEREAS:

10 1. The PEOPLE have filed a Complaint herein alleging that, commencing no later than
11 2013, TIME WARNER CABLE, LLC, through its operating companies, advertised and
12 marketed Internet services to its California customers that overstated the speeds that it could and
13 did deliver to many of its California customers;
14

15 2. The PEOPLE further allege that pursuant to a merger on May 18, 2016, DEFENDANT
16 TIME WARNER CABLE, LLC became the successor in interest to substantially all of the assets
17 and liabilities of TIME WARNER CABLE INC., including liability for the alleged advertising
18 and marketing practices;
19
20

21 3. On or about February 16, 2017, representatives of the PEOPLE informed
22 DEFENDANT that the PEOPLE were investigating the aforementioned advertising and
23 marketing practices. Without admitting liability for any such alleged unlawful business
24 practices, DEFENDANT cooperated fully with the PEOPLE's investigation and took prompt
25 steps to inquire into and address the consumer concerns underlying the PEOPLE's investigation.
26 The PEOPLE further acknowledge that DEFENDANT has worked promptly and cooperatively
27
28

1 with counsel for the PEOPLE to resolve this matter comprehensively; and

2 4. To accomplish a full, fair and comprehensive resolution of this matter, DEFENDANT
3
4 has entered into this Stipulation for Entry of Judgment for settlement purposes only, without the
5 taking of any proof, without trial or adjudication of any issues of law or fact herein, and without
6 this Stipulated Final Judgment constituting any form of evidence against or admission by any
7
8 DEFENDANT or its affiliates and subsidiaries.

9 WHEREFORE, THE PEOPLE AND DEFENDANT HEREBY STIPULATE AND
10 AGREE AS FOLLOWS:

11 1. This Court has jurisdiction over the subject matter of the Complaint and all parties.

12 2. Plaintiffs and DEFENDANT waive the right to appeal, to attempt to set aside or vacate,
13
14 or otherwise to attack, directly or collaterally, the Stipulated Final Judgment attached hereto as
15
16 Exhibit 1.

17 3. This Stipulation for Entry of Final Judgment may be signed in counterpart.

18 4. Plaintiff and DEFENDANT stipulate that the Stipulated Final Judgment attached hereto
19
20 as Exhibit 1 may be signed by any Judge of the Superior Court of the State of California, County
21 of Los Angeles, and entered by the Clerk without notice, provided that this Stipulation for Entry
22 of Final Judgment has been executed by counsel listed below.
23
24
25
26
27
28

ATTORNEYS FOR DEFENDANTS:

Dated: 1/29, 2020

LATHAM & WATKINS LLP

By: _____


Daniel S. Schechter, Esq.
Attorneys for TIME WARNER CABLE, LLC

DEFENDANT:

Dated: _____, 2020

TIME WARNER CABLE, LLC

By: _____

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ATTORNEYS FOR DEFENDANTS:

Dated: _____, 2020 LATHAM & WATKINS LLP

By: _____

Daniel S. Schechter, Esq.
Attorneys for TIME WARNER CABLE, LLC

DEFENDANT:

Dated: January 30, 2020 TIME WARNER CABLE, LLC

By: Richard P. Dylhouse
Executive Vice President,
General Counsel and Corporate
Secretary

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ATTORNEYS FOR THE PEOPLE:

Dated: 1-24, 2020

**JACKIE LACEY, District Attorney
County of Los Angeles**

By:

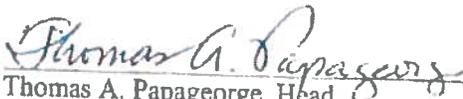


**Hoon Chun
Assistant Head Deputy District Attorney**

Dated: 1/27, 2020

**SUMMER STEPHAN, District Attorney
County of San Diego**

By:



**Thomas A. Papageorge, Head
Consumer Protection Unit**

Dated: 1/28, 2020

**MICHAEL A. HESTRIN, District Attorney
County of Riverside**

By:



**Evan Goldsmith
Deputy District Attorney**

Appendix A

1
2 SUMMER STEPHAN, District Attorney
3 County of San Diego
4 THOMAS A. PAPAGEORGE SBN 77690
5 Deputy District Attorney
6 Head, Consumer Protection Unit
7 330 West Broadway, Suite 750
8 San Diego, CA 92101
9 Telephone: (619) 531-3971
10 E-mail: Thomas.Papageorge@sdca.org

11 MICHAEL A. HESTRIN, District Attorney
12 County of Riverside
13 EVAN GOLDSMITH SBN 297356
14 Deputy District Attorney
15 3960 Orange Street
16 Riverside, CA 92501
17 Telephone: (951) 955-5400
18 E-mail: EvanGoldsmith@rivcoda.org
19
20
21
22
23
24
25
26
27
28

Exhibit 1

1 JACKIE LACEY
Los Angeles County District Attorney
2 STANLEY P. WILLIAMS SBN 106658
3 Head Deputy
HOON CHUN SBN 132516
4 Assistant Head Deputy
5 JESSIE LEE ANN MCGRATH SBN 131702
Deputy District Attorney
6 211 W. Temple Street, 10th Floor
Los Angeles, CA 90012
7 Telephone: (213) 257-2450
8 E-mail: hchun@da.lacounty.gov

9
10 Additional counsel listed in Appendix A

11 Attorneys for Plaintiff the PEOPLE of the State of California

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA
13 FOR THE COUNTY OF LOS ANGELES

14 THE PEOPLE OF THE STATE OF CALIFORNIA,

15 Plaintiff,

16 vs.
17

18 TIME WARNER CABLE, LLC, a Delaware
19 Limited Liability Company,

20 Defendant.
21

Case No. 20STCV03872

STIPULATED FINAL JUDGMENT

22
23 The PEOPLE of the State of California, through its attorneys JACKIE LACEY, District
24 Attorney of Los Angeles County; SUMMER STEPHAN, District Attorney of San Diego
25 County; and MICHAEL A. HESTRIN, District Attorney of Riverside County (the "PEOPLE")
26 and TIME WARNER CABLE, LLC a Delaware Limited Liability Company ("DEFENDANT"),
27
28

1 by and through their counsel of record, having stipulated to the entry of this Stipulated Final
2 Judgment (the "Judgment") for settlement purposes only, without the taking of proof, without
3 this Judgment constituting evidence against or an admission of any party regarding any issue of
4 law or fact, or liability or damages, alleged in the Complaint ("Complaint") in this action; all
5 parties having waived the right to appeal; and the Court having considered the pleadings and
6 good cause appearing:
7
8

9 IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

10
11 **JURISDICTION AND VENUE**

12 1. This action is brought under the laws of the State of California. This Court has
13 jurisdiction over the allegations and subject matter of the PEOPLE's Complaint filed in this
14 action and the parties to this action. Venue is proper in this county, and this Court has
15 jurisdiction to enter this Judgment. This Judgment is entered pursuant to and subject to
16 California Business and Professions Code section 17200, *et seq.*
17
18

19 **APPLICABILITY**

20 2. Except as otherwise provided in this Judgment, the provisions of this Judgment are
21 applicable to DEFENDANT Time Warner Cable, LLC and all of its parents and parents' direct
22 and indirect subsidiaries, divisions, direct and indirect subsidiaries, and any of the
23 DEFENDANT'S and such entities' predecessors, successors and assigns and any partners,
24 directors, principals, officers, employees, and agents.
25
26
27
28

INJUNCTION

1
2 3. DEFENDANT shall not make misrepresentations or omit material information in
3
4 connection with advertising, marketing or sales of its Internet services.

5 4. DEFENDANT shall not advertise any Internet speed tier which it knows or should
6 reasonably know offers a speed that cannot be substantiated. Substantiation, which shall be
7 based on speed test results performed using industry-accepted testing methodologies (e.g., the
8 SamKnows median peak-period (7:00 p.m. to 11:00 p.m.) speed test), shall be deemed sufficient
9 where: (a) For new service tiers, the median speed determined through the aforementioned
10 testing is, within six months of launching the new service tier, at least as high as the speed
11 offered by DEFENDANT for that tier of service, or (b) For existing service tiers, the median
12 speed determined through the aforementioned testing (conducted annually) is at least as high as
13 the speed offered by DEFENDANT for that tier of service.
14
15
16

17 5. DEFENDANT shall not make an advertising claim that customers can receive an
18 advertised Internet speed over WiFi, unless they can substantiate that DEFENDANT-owned
19 wireless routers are capable of delivering that speed.
20

21 6. DEFENDANT shall not offer promotional gifts or items without disclosing all
22 material qualifying conditions, if any, that apply to such promotional gifts or items. In the event
23 any customer of DEFENDANT contacts DEFENDANT to claim the promotional gift or item
24 but is disqualified from receiving that item for any reason, DEFENDANT shall disclose to the
25 customer that the customer is not qualified to receive the gift or item and the reason for the
26 disqualification.
27
28

1 CONDUCT PROVISIONS

2 7. DEFENDANT shall conduct speed tests, as required by the Federal
3
4 Communications Commission's Measuring Broadband America program, to verify that it can
5 routinely deliver to its customers the speed tiers that it advertises and sells at peak usage hours
6 (7:00 p.m. to 11:00 p.m.).

7
8 8. DEFENDANT shall ensure that equipment provided to its subscribers (such as
9 modems or routers) is capable of delivering the advertised Internet speed for the subscriber's
10 chosen speed tier as substantiated prior to being deployed for the first time and prior to any
11 subscriber-initiated upgrade to a faster speed tier. If an error occurs in the deployment of
12 equipment, DEFENDANT will make reasonable efforts to inform the subscriber and request that
13 the subscriber participate in switching out equipment.
14

15
16 9. If DEFENDANT increases the Internet speed available for existing subscribers on
17 an existing speed tier and such increase requires certain subscribers to obtain upgraded
18 equipment to receive the newly available maximum speed, DEFENDANT shall notify affected
19 subscribers that their existing equipment cannot provide the newly available maximum speed
20 and shall offer to provide upgraded equipment free of charge.
21

22 10. DEFENDANT shall retain representative samples of all distinct television, radio,
23 print, and digital advertisements concerning internet speeds or promotional gifts and shall make
24 those records available to the PEOPLE within 30 days upon reasonable written request by the
25 PEOPLE.
26
27
28

1 MONETARY RELIEF

2 11. By no later than 60 calendar days after entry of the Judgment, as direct restitution,
3 DEFENDANT shall issue credits totaling \$16,900,000 to all then-existing California customers
4 of DEFENDANT who, from 2013 through the present were: (1) provided with DOCSIS 2.0 or
5 older-generation modems by DEFENDANT or any of its predecessors, including Time Warner
6 Cable Inc., and were subscribed by DEFENDANT or any of its predecessors, including Time
7 Warner Cable Inc. to Internet speed tiers of 50 Mbps or higher (Group 1 customers); and (2)
8 were subscribed by DEFENDANT or any of its predecessors, including Time Warner Cable Inc.
9 to Internet speed tiers of 300 Mbps or higher (Group 2 customers). DEFENDANT shall divide
10 the \$16,900,000 of credits as follows:
11

- 12
- 13 a. All Group 1 customers shall be credited with an equal and pro rata share of
14 \$4,376,912.99 of credits.
 - 15 b. All Group 2 customers shall be credited with an equal and pro rata share of
16 \$12,523,087.01 of credits.
 - 17 c. A customer who qualifies for credit as a Group 1 and Group 2 customer, shall
18 be entitled to receive a pro rata share of both credits.
19

20 12. No later than 60 calendar days after entry of the Judgment, DEFENDANT shall
21 communicate the following unconditional offers:
22

- 23 a. All existing California residential Internet customers who also subscribe to
24 cable television service shall be offered three months of Showtime video
25 services (which has a retail value of \$15 per month) at no charge, which offer
26
27
28

1 will remain open for no less than sixty (60) days from the date of notification,
2 except that customers who already subscribe to Showtime video service shall
3 not be eligible for such offer; and
4

- 5 b. All existing California residential Internet customers who do not subscribe to
6 cable television service shall be offered one (1) month of Spectrum Choice
7 streaming service (which has a retail value of \$40.99 per month including the
8 broadcast surcharge) at no charge, which offer will remain open for no less
9 than sixty (60) days from the date of notification.
10
11 c. Because the total number of participating subscribers cannot be determined in
12 advance, the aggregate retail value of the above offers described in paragraphs
13 12(a) and (b) is uncertain and incapable of being determined.
14
15 d. The above offers shall be clearly and conspicuously communicated to all
16 qualifying customers via communication in which the offer for the applicable
17 free service is the sole subject of the communication and contains clear,
18 concise and easy to implement instructions for claiming the free service. A
19 separate bill insert would be consistent with this requirement. Charter shall
20 inform the People about when it plans to notify subscribers and provide the
21 People with a copy of planned notices to subscribers pursuant to this paragraph
22 at least ten (10) days prior to transmission. The free service may not be offered
23 as an auto-renewing contract within the meaning of Business and Professions
24 Code Section section 17602 et seq.
25
26
27
28

1 13. Pursuant to Business & Professions Code section 17206, by no later than 10
2 business days after entry of the Judgment, DEFENDANT shall make the following payments:

- 3
- 4 a. \$333,333.34 made payable to the Los Angeles County District Attorney's
5 Office;
- 6 b. \$333,333.34 made payable to the San Diego County District Attorney's Office;
7 and
8 c. \$333,333.34 made payable to the Riverside County District Attorney's Office.

9

10 14. By no later than 10 business days after entry of the Judgment, DEFENDANT shall
11 pay \$900,000 to the PEOPLE for the costs of investigation as follows:

- 12
- 13 a. \$ 300,000 made payable to the Los Angeles County District Attorney's
14 Office;
- 15 b. \$ 300,000 made payable to the San Diego County District Attorney's Office;
16 and
17 c. \$ 300,000 made payable to the Riverside County District Attorney's Office.

18

19 15. All payments made pursuant to this Judgment shall be delivered to:

20 Hoon Chun
21 Assistant Head Deputy
22 Consumer Protection Division
23 Los Angeles County District Attorney's Office
24 211 West Temple Street, 10th Floor
25 Los Angeles, CA 90012

26

27

28

1 20. All terms of this Judgment are expressly limited to DEFENDANT'S California
2 residential subscribers of wireline broadband Internet access services.

3
4 21. All references to days shall be interpreted to mean calendar days, unless otherwise
5 noted. To the extent any deadline or date in this Judgment falls on a weekend or legal holiday,
6 the deadline or date shall be extended to the next business day that is not a weekend day or legal
7 holiday

8
9 22. All correspondence, notices, and production of records required in conjunction
10 with the Judgment shall be delivered to:

11 If to the PEOPLE:

12 Hoon Chun
13 Assistant Head Deputy
14 Consumer Protection Division
15 Los Angeles County District Attorney's Office
16 211 West Temple Street, 10th Floor
17 Los Angeles, CA 90012

18 If to DEFENDANT:

19 Time Warner Cable, LLC
20 c/o Charter Communications, Inc.
21 Attn: General Counsel
22 400 Atlantic St.
23 Stamford, CT 06901

24 **REQUESTS FOR INFORMATION TO VERIFY COMPLIANCE**

25 23. DEFENDANT shall retain electronic or other records sufficient to demonstrate
26 compliance with this Judgment for a period of forty-eight (48) months from the date of entry of
27 this Judgment. The PEOPLE may make reasonable written requests to DEFENDANT for
28

1 information or non-privileged documents sufficient to show DEFENDANT'S compliance with
2 the injunctive or conduct provisions of this Judgment, including, for example, information
3 relating to Internet speed testing conducted by DEFENDANT. DEFENDANT shall provide
4 such information or non-privileged documents within sixty (60) days after receipt of the request.
5

6
7 **RETENTION OF JURISDICTION**

8 24. Jurisdiction is retained by the Court for the purpose of enabling any party to the
9 Judgment to apply to the Court at any time for such further orders and directions as may be
10 necessary and appropriate for the construction or carrying out of the injunctive, conduct or other
11 provisions of this Judgment, for the modification, release, or dissolution of any injunctive or
12 conduct provisions contained in this Judgment, and for the enforcement of compliance with this
13 Judgment or the punishment of violations of the Judgment.
14

15
16 25. The injunctive and conduct provisions of this Judgment set forth in paragraphs 3-
17 10 do not relieve DEFENDANT of any other obligations and duties imposed by law.
18

19 26. The Clerk shall enter this Final Judgment, consisting of 10 pages plus an
20 Appendix "A" forthwith.
21

22
23
24 Dated: GFI , 2020



Gregory Keosian

Gregory Keosian / Judge
JUDGE OF THE SUPERIOR COURT
COUNTY OF LOS ANGELES

Appendix A

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SUMMER STEPHAN
San Diego County District Attorney
THOMAS PAPPAGEORGE SBN 77690
Deputy District Attorney
Head, Consumer Protection Unit
330 West Broadway, Suite 750
San Diego, CA 92101
Telephone: (619) 531-4070
E-mail: Thomas.Papageorge@sdcca.org

MICHAEL A. HESTRIN
Riverside County District Attorney
EVAN GOLDSMITH SBN 297356
Deputy District Attorney
3960 Orange Street
Riverside, CA 92501
Telephone: (951) 955-5400
E-mail: EvanGoldsmith@rivcoda.org