

1 MARK C. HANSEN
NEIL M. GORSUCH
2 KELLOGG, HUBER, HANSEN, TODD
& EVANS, P.L.L.C.
3 Sumner Square
4 1615 M Street, N.W.
Suite 400
5 Washington, D.C. 20036-3209
Telephone: (202) 326-7900
6 Facsimile: (202) 326-7999

7 DANIEL H. BOOKIN (S.B. #78996)
O'MELVENY & MYERS LLP
8 Embarcadero Center West
275 Battery Street
9 San Francisco, California 94111-3305
Telephone: (415) 984-8700
10 Facsimile: (415) 984-8701

11 [additional counsel listed on signature page]

12 Attorneys for Plaintiffs VERIZON DELAWARE INC.,
13 VERIZON NEW ENGLAND INC., VERIZON MARYLAND INC.,
14 VERIZON NEW JERSEY INC., VERIZON NEW YORK INC.,
VERIZON PENNSYLVANIA INC., AND
15 VERIZON WASHINGTON, D.C. INC.

16
17 IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
18 SAN JOSE DIVISION

19 _____)
Verizon Delaware Inc., Verizon)
20 New England Inc., Verizon)
Maryland Inc., Verizon New Jersey)
21 Inc., Verizon New York Inc.,) Case No. _____
Verizon Pennsylvania Inc., and)
22 Verizon Washington, D.C. Inc.,)
)
23 Plaintiffs,)
)
24 v.)
)
25 Covad Communications Company,)
26 and DIECA Communications, Inc.,)
)
27 Defendants.)
_____)

COMPLAINT
JURY TRIAL DEMANDED

1 COMPLAINT

2 Verizon Delaware Inc., Verizon New England Inc., Verizon
3 Maryland Inc., Verizon New Jersey Inc., Verizon New York Inc.,
4 Verizon Pennsylvania Inc., and Verizon Washington, D.C. Inc.
5 (collectively, "Verizon"), state as follows for their Complaint
6 against defendants Covad Communications Company and DIECA
7 Communications, Inc. (collectively, "Covad"):

8 Nature of the Case

9
10 1. According to more than a score of Covad's ex-employees
11 (see declarations appended in Exhibit A and incorporated herein
12 by reference¹), defendants orchestrated a deliberate scheme to
13 attribute Covad's service failures to Verizon and impose Covad's
14 cost of doing business on plaintiffs. Covad's former employees
15 report that they were "pressured" and "badgered" into issuing
16 false reports about Verizon's services and "reprimanded" if they
17 failed to comply. Covad's former employees also report that
18 defendants designed internal record keeping and management
19 practices that defendants knew would have the effect of falsely
20 attributing Covad's own problems to Verizon, thus "shift[ing]
21 [Covad's] problems to the Bells." As a result of such practices,
22 Covad issued at least 22,000 false reports regarding Verizon
23 services in the year 2000 alone.

24
25 2. Covad and its senior executives used these false reports
26 to demand millions of dollars worth of concessions from Verizon

27
28

¹These statements are identified in the public record by
number to preserve the privacy of the declarants.

1 -- insisting that Verizon identify and fix problems former
2 employees concede were "attributable to Covad itself" -- at a
3 time when Covad's financial picture grew increasingly desperate.
4 Covad also used these reports to obtain millions of dollars worth
5 of credits for supposedly substandard work. To increase pressure
6 on Verizon to supply concessions, Covad and its senior executives
7 systematically disparaged Verizon before the public, media, and
8 regulators, falsely decrying that Verizon's services were
9 untimely and inferior.

10
11 3. Through their falsified records and statements,
12 defendants succeeded in obtaining goods, services, and payments
13 from Verizon and curtailed Verizon's ability to serve other
14 customers. Verizon presently estimates its actual damages to be
15 in the millions of dollars and brings this action to redress what
16 Covad's former employees admit were "ma[de] up," "distorted" and
17 "unjustified" attacks on its services.

18 Parties, Jurisdiction, and Venue

19 4. Plaintiffs are direct or indirect subsidiaries of
20 Verizon Communications Inc., a leading provider of communications
21 services created as a result of the merger between Bell Atlantic
22 Corporation and GTE Corporation. Plaintiffs own physical
23 telephone facilities in various states.

- 24
25 a. Verizon Delaware Inc., is a Delaware corporation
with its principal place of business in Delaware.
26
27 b. Verizon New England Inc. is a New York corporation
with its principal place of business in
28 Massachusetts.

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

- c. Verizon Maryland Inc. is a Maryland corporation with its principal place of business in Maryland.
- d. Verizon New Jersey Inc. is a New Jersey corporation with its principal place of business in New Jersey.
- e. Verizon New York Inc. is a New York corporation with its principal place of business in New York.
- f. Verizon Pennsylvania Inc. is a Pennsylvania corporation with its principal place of business in Pennsylvania.
- g. Verizon Washington, D.C. Inc. is a New York corporation with its principal place of business in Washington, D.C.

5. Defendant Covad Communications Company is a California corporation with its principal place of business in Santa Clara, California.

6. Defendant DIECA Communications, Inc., an affiliate of Covad Communications Company, is a Virginia corporation with its principal place of business in Virginia.

7. Defendants provide high speed Internet connections using Digital Subscriber Line ("DSL") technology over local telephone lines. Their main customers are Internet Service Providers ("ISPs") that provide access to the Internet for consumers and businesses.

8. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1332, and 1367(a). Defendants reside, can be found, or transact business in the Northern District of California; the claims asserted by Verizon arose within this District; and Verizon was injured in this District by reason thereof. Venue is proper pursuant to 28 U.S.C. § 1391(a)-(c).

1 equipment and the end-user's premises for DSL. If Verizon fails
2 to install a working loop properly, Covad is entitled to have
3 Verizon dispatch technicians to correct the problem.

4 12. It soon became apparent that Covad would not be able
5 to succeed even with the special assistance provided by Verizon
6 and other ILECs pursuant to the Telecom Act. Covad's former
7 employees report that the company failed to invest in "sufficient
8 equipment to do [the] job" (Declaration 1 ¶ 6), and that they
9 would "steal Bell equipment if given the chance" because the
10 equipment Covad did provide was so inferior (Declaration 2 ¶ 5).
11 According to former employees, Covad failed to provide its
12 technicians "with any type of formal initial training," and hired
13 as installation specialists individuals who were "typically
14 temporary employees given minimal training, support, and
15 supervision." (Declaration 3 ¶ 5). Management regularly
16 directed employees to "cut corners" (*id.* ¶ 10), and former
17 employees describe "regular infighting and power struggles"
18 (Declaration 4 ¶ 3), among "inexperienced and ineffective"
19 managers (Declaration 5 ¶ 17).

21 13. Covad's inability to perform was recognized by the
22 financial markets. By June 2001, Covad's stock fell from a high
23 of more than \$80 to 92¢ per share, its stock was undergoing
24 NASDAQ de-listing proceedings, its debt was downgraded to a CCC
25 rating, and its market capitalization dropped from \$10.4 billion
26

1 in the second quarter of 1999 to less than \$200 million in the
2 second quarter of 2001. At the end of May 2001, Covad's auditors
3 issued a "going concern" opinion.

4 The Scheme To "Shift Blame" to Verizon

5 14. Unable to perform and facing increasingly dire
6 financial straits, defendants developed what former employees
7 call a scheme to "blam[e] the ILECs." (Declaration 6 ¶ 8).

8 15. For example, Covad set up a system whereby any
9 complaints or trouble tickets issued by Covad employees were
10 automatically delivered by electronic mail to attorneys for
11 review. (Declaration 2 ¶ 7). Covad managers wanted "lots of
12 examples of problems" with Verizon and told employees words to
13 the effect that "there had to be problems." (Declaration 7 ¶ 5)
14 (original emphasis).
15

16 16. Many Covad employees, however, were able to report
17 only a few or "no problems" with Verizon. (Id.). In fact,
18 Verizon technicians "were responsive and professional,"
19 (Declaration 3 ¶ 4), Verizon treated Covad "like [a] customer[]
20 and worked hard" (Declaration 4 ¶ 9), and Verizon management
21 tried "sincerely to resolve all of the issues relating to [the
22 loop] provisioning process" (Declaration 8 ¶ 10).
23

24 17. Dissatisfied with these reports, defendants issued
25 demands for false complaints against Verizon. As one former
26 employee described it, "[o]n more than one occasion . . . I was
27 told by Covad management to simply mark the loop on the system as
28 not delivered [even when they were]. . . . I was troubled by

1 this obvious dishonesty. . . . When I said so, however, I was
2 reprimanded and told that I just needed to do my job."

3 (Declaration 2 ¶ 7).

4 18. Defendants insisted that "even if problems did not
5 exist, we should say there were problems anyway. . . . Covad's
6 management encouraged its employees to make up facts if it would
7 assist Covad's business." (Declaration 7 ¶ 5). Management
8 "instructed . . . Covad employees to do whatever it took to
9 ensure Covad did not look bad" (Declaration 5 ¶ 20), and "told
10 the installation techs to lie to the end-users, and blame the
11 problems on the ILEC and the ISP" (Declaration 9 ¶ 9).

12 19. Failure to report problems "was not good enough . .
13 . . Management pressured us and even badgered us into recording
14 problems, saying that it was important to Covad's success to have
15 lots of documented problems to report about the ILECs. I was
16 very uncomfortable with this practice and believe that it
17 distorted the true nature of the good relationship we enjoyed
18 with ILEC employees." (Declaration 3 ¶ 13). "[M]y coworkers and
19 I were under intense pressure from managers and directors . . .
20 to issue trouble tickets blaming the ILECs for any service
21 problems. These managers and directors would often give me
22 direct orders to open trouble tickets blaming the ILEC even when
23 it was obvious the problem lay with Covad. . . . At one point, I
24 prepared a summary of all the ILEC trouble tickets I opened
25 between October 1999 and May 2000 on orders from my superiors. I
26
27
28

1 found that only approximately 2 of the 200 tickets involved
2 genuine ILEC problems." (Declaration 10 ¶¶ 5, 6).

3 20. In addition to making outright demands for false
4 reports, Covad management also developed a variety of record
5 keeping practices and internal operating procedures that had the
6 effect of producing false trouble reports on a systematic basis.
7 For example, "[p]rior to approximately November of 2000, when we
8 encountered an installation problem, we would often go to the
9 central office to determine whether the line was good. We would
10 do this before opening a trouble ticket because at the central
11 office we could determine whether it was an ILEC issue. In
12 November 2000, our field operations manager . . . told us not
13 [to] go to the central office to figure out whether it was an
14 ILEC issue, but instead to just open a trouble ticket" blaming
15 the ILEC. (Declaration 6 ¶ 6). There was "an unspoken culture
16 at Covad of admitting that problems were Covad's responsibility
17 only when absolutely necessary. Opening ILEC trouble tickets was
18 a convenient and accepted default option to avoid indicating that
19 the problems belonged to Covad." (Declaration 11 ¶ 4).

21 Covad Uses False Reports
22 To Shift Operating Costs

23 21. Knowing that Verizon, as an incumbent local exchange
24 carrier, was obliged by the Telecom Act to provide
25 nondiscriminatory service and respond to "trouble tickets" that
26 it issued, Covad used its false records to induce Verizon into
27
28

1 supplying its flagging business with services, employee time and
2 expertise, and facilities well beyond what the Telecom Act
3 required.

4 22. Covad management told employees that "Covad was
5 dispatching Covad technicians to look into line issues too often.
6 These 'truck rolls' were too expensive, we were told, and we were
7 instructed to make every effort to eliminate 'erroneous truck
8 rolls.' According to my supervisor, making every effort included
9 opening a trouble ticket, which had the effect of dispatching an
10 ILEC technician. . . . I understood the instruction to eliminate
11 'erroneous' truck rolls to be euphemistic." (Declaration 12
12 ¶¶ 6-7).

14 23. "Management . . . encouraged [employees] in many ways
15 to shift problems to the Bells. . . . [W]e were constantly told
16 that it was much cheaper for Covad to open trouble tickets and
17 get ILEC technicians to figure out . . . the problems."
18 (Declaration 13 ¶ 11). Employees were instructed "to open a
19 trouble ticket before any testing or investigation into the
20 problem." (Declaration 12 ¶ 8).

21 24. "Covad . . . encouraged us to blame the ILECs for any
22 and all problems. In my experience, management found it
23 perfectly acceptable to open trouble tickets unnecessarily rather
24 than invest to provide the field technicians with needed testing
25 equipment." (Declaration 6 ¶ 5). "Covad would blame something
26 on the ILEC that was not the ILEC's fault, and caused the ILEC to
27

28

1 expend time and money to address what was Covad's own mistake[]." ."
2 (Declaration 5 ¶ 9).

3 25. Defendants' false tickets were not isolated or
4 unusual, but systematic and regular and issued in "significant
5 numbers." (Declaration 3 ¶ 12). Covad issued tens of thousands
6 of trouble tickets between 1997 and 2001. A substantial
7 proportion of these were based on falsified reports.

8 "[A]pproximately 30% of the time," Covad's "loop not delivered"
9 complaints were "not caused by the ILECs, but were Covad's
10 problems." (Declaration 14 ¶¶ 7,9). "[A]pproximately 30-40% of
11 the ILEC trouble tickets were unnecessary." (Declaration 15
12 ¶ 14). "I estimate that as many as 40% of the trouble tickets
13 opened after the new policy turned out to be wrong, meaning that
14 the ILEC determined the problem belonged to Covad." (Declaration
15 12 ¶ 9). "[W]e opened trouble tickets unnecessarily about fifty
16 percent of the time." (Declaration 6 ¶ 4). "[O]ver half of all
17 trouble tickets improperly blamed the ILEC." (Declaration 19
18 ¶ 7). Verizon estimates that Covad issued more than 22,000 false
19 trouble tickets in the year 2000 alone. Covad used the
20 interstate mails and wires to transmit these false reports to
21 Verizon.
22

23 26. Responding to each false trouble ticket "caused much
24 wasted time and money" for Verizon (Declaration 5 ¶ 8), running
25 into the millions of dollars. Each time it sent a technician
26
27
28

1 into the field to respond to a trouble ticket, Verizon lost
2 hundreds of dollars in labor, processing costs, and material.
3 Responding to Covad's false trouble tickets also caused Verizon
4 to incur lost opportunity costs. Verizon could have profitably
5 used the resources squandered responding to Covad's false reports
6 on the legitimate needs of other customers and Verizon's retail
7 products.

8
9 Covad Uses False Reports
To Obtain Price Reductions

10 27. Under Performance Assurance Plans ("PAPs") in effect
11 in various states, Verizon agreed to be held financially
12 responsible to Covad for faulty loop provisioning. If Verizon's
13 performance fell below certain metrics, Covad was entitled to
14 receive substantial payments or price reductions from Verizon.

15
16 28. Defendants abused Verizon's PAPs. Using their bogus
17 trouble tickets, Covad obtained inflated PAP concessions from
18 Verizon. To ensure that Verizon's performance would fall below
19 applicable metrics, Covad even opened multiple false trouble
20 tickets for the same alleged problem. In response to one
21 incident alone, a former Covad employee "estimate[s] that Covad
22 opened at least 20 trouble tickets . . . none of which in my
23 opinion were justified." (Declaration 6 ¶ 7). In a single year
24 in New York and Pennsylvania alone, Covad received over \$1.6
25 million in PAP price reductions as a result of its false
26 reporting practices.

1 records to complain about Verizon's loop provisioning in the hope
2 adverse publicity would pressure Verizon to provide additional
3 services, goods, and PAP payments. For example:

4 a. In June 1999, Covad told Federal Communications
5 Commission ("FCC") staff that Verizon failed to
6 provide Covad with timely FOCs on 1,069 pending
7 orders. When pressed to support this claim, Covad
8 produced a list of 212 orders, only a small number
9 (if any) of which lacked timely FOCs as of the
date that Covad claimed. Knowing the thousand-
missing-FOCs claim was false, Covad nonetheless
repeated it to a Member of Congress in July and
August 1999.

10 b. In October 2000, Covad told the FCC that "at least
11 44% of the loops Verizon delivered to Covad were
12 non-functioning." This statement, which Covad
13 repeated in meetings with advisers to three FCC
14 Commissioners, was false. The Massachusetts
15 Department of Telecommunications and Energy
16 examined Covad's claim and found that non-
functioning loops amounted to fewer than 3% of the
total, not 44%. The 44% figure referred to the
portion of the troubles that Covad reported that
were genuine. Fifty six percent of Covad's
trouble reports were false.

17 c. In April 2001, Covad testified before the
18 Pennsylvania Public Utility Commission that
19 Verizon missed a large percentage of its line
20 sharing installations for Covad. A review of a
21 sample of nine supposed missed installations,
however, showed that only one of these orders
involved a Verizon miss.

22 d. In May 2001, Covad told the FCC that "in New York
23 in February 2001, Verizon completed only 50% of
24 CLEC DSL loop installations within 6 days." This
statement was false. In February 2001, Verizon
completed over 90% of New York installations
within six days.

25 32. Whenever its trouble ticket data were questioned by
26 Verizon or others, Covad sought to cover its tracks with false
27 denials, representing to regulatory authorities, the public, and
28

1 Verizon that the idea it "would deliberately game the system by
2 . . . submitting trouble tickets to skew Verizon's metrics is
3 ludicrous." Because of Covad's cover-up efforts, Verizon did not
4 learn that defendants deliberately and negligently falsified
5 trouble reports and their public charges until 2001 when former
6 Covad employees came forward with details of Covad's internal
7 scheme.

8
9 The Impact of Covad's Scheme To Deceive
on Verizon, Shareholders, and Consumers

10 33. Covad's scheme to deflect blame for its own failures
11 succeeded. Covad induced Verizon into providing ever more
12 services and goods, thereby imposing its own costs of doing
13 business onto Verizon. Covad obtained substantial improper PAP
14 concessions from Verizon. By requiring Verizon to attend to
15 false trouble reports, Covad also caused Verizon to incur PAP
16 liabilities to other carriers and forced Verizon to forgo other
17 business opportunities. Covad damaged Verizon's reputation
18 across the country. And Covad required Verizon to incur
19 substantial costs to analyze and respond to Covad's false public
20 charges and uncover Covad's falsehoods. Verizon cannot presently
21 quantify its total damages, but they are believed to be in the
22 millions of dollars.

24 34. Verizon was not Covad's only victim. So were
25 consumers and investors. Management instructed Covad employees,
26 for example, to keep two sets of logs regarding problem orders:
27 an "internal" log for Covad employees to record accurate
28

1 information and an "external" log containing false information to
2 disseminate to retail customers. Covad management instructed
3 "that problems associated with Covad were to be kept in the
4 internal notes only, and not to be included in the external
5 notes. . . . Very often, agents made misrepresentations in the
6 external notes and wrongly blamed ILECs for problems."

7 (Declaration 16 ¶ 13).

8
9 35. Covad customers were forced to pay for service that
10 Covad did not install. Covad "regularly took orders obviously
11 too far from a central office" that "it knew it could never
12 fill." (Declaration 10 ¶ 4). It would then close these orders
13 "and begin billing customers even when DSL service was not
14 working. This occurred most often at the end of the month when
15 reporting figures were due. . . . Eventually, end-users would
16 call complaining that they had been billed for months even though
17 they never received service. To deflect such criticism,
18 management instructed us to issue an ILEC trouble ticket." (Id.
19 See also Declaration 15 ¶ 10).

20
21 36. Unable to report positive net income to shareholders,
22 Covad regularly touted to the investing public the number of
23 lines installed and generating revenue as a measure of its
24 success. For example:

- 25 a. "As a matter of fact, we have just recently passed
26 a 100,000-lines-installed milestone, and we are
27 well on our way to beating the street expectations
28 of over 300,000 lines installed on this network by
the end of the year." (*Covad Communications First
Quarter 2000 Earnings Announcement Conference
Call*).

- 1
- 2 b. "Subscriber lines increased 48% to 138,000 lines,
- 3 from 93,000 at March 31, 2000." (Covad
- 4 *Communications Second Quarter 2000 Earnings*
- 5 *Announcement Conference Call*).
- 6
- 7 c. "Lines for the quarter came in at 205,000 lines or
- 8 49 percent above the second quarter." (Covad
- 9 *Communications Third Quarter 2000 Earnings*
- 10 *Announcement Conference Call*).
- 11
- 12 d. "We continue to excel operationally on many
- 13 fronts. We beat line expectations for the
- 14 quarter." (*Press Release, Covad Announces*
- 15 *Operating Statistics for the Fourth Quarter and*
- 16 *2000: Covad Exceeds Line Expectations for Fourth*
- 17 *Quarter*).

18 37. In fact, many of these representations were based on

19 falsified numbers designed to mislead. "Near the end of each

20 quarter," Covad conducted "'War Calls.'" (Declaration 15 ¶ 9).

21 These conference calls were led by Covad managers and directors.

22 During these calls, management "gave the instruction to close all

23 orders" and declare the orders filled and DSL service

24 operational. (*Id.*). Covad did so, "regardless of whether the

25 DSL was working for the end-user." (*Id.*). Thus, "the end-user

26 would begin receiving bills from [the] ISP, even though they did

27 not have operational DSL." (*Id.* ¶ 10). Covad did this "to make

28 the numbers for Wall Street look good." (*Id.* ¶ 9). Once the

end-of-quarter numbers were reported and end-users began calling

to complain about unjustified bills, trouble tickets were "opened

automatically" with Verizon, "without any additional testing" to

determine if Covad was responsible. (*Id.* ¶ 11). Employees who

complained about this practice "got into trouble." (*Id.* ¶ 12).

1 CLAIMS FOR RELIEF

2 Count I

3 Intentional Misrepresentation

4
5 38. All foregoing paragraphs are incorporated herein by
6 reference.

7 39. As set forth in the previous paragraphs of this
8 Complaint, defendants made specific representations to and
9 withheld information from plaintiffs including, without
10 limitation:

- 11 a. that Verizon provided defective loop provisioning
12 services when it had not;
- 13 b. that Verizon's services were not timely;
- 14 c. that Covad's "external" service records were
15 accurate and trustworthy when they were not;
- 16 d. that Covad was entitled to maintenance and repair
services from Verizon when it was not;
- 17 e. that Covad's representations about Verizon's
18 alleged service failures were truthful.

19 40. Defendants' representations and omissions were
20 material and made for the purpose of inducing plaintiffs to rely
21 upon them.

22 41. Plaintiffs in fact relied on defendants'
23 representations and omissions. For example, plaintiffs provided
24 valuable goods and services to defendants and provided PAP
25 concessions based on defendants' false statements and omissions.
26
27
28

1
2 48. Defendants' representations and omissions were
3 material and made for the purpose of inducing plaintiffs to rely
4 upon them.

5 49. Plaintiffs in fact relied on defendants'
6 representations and omissions. For example, plaintiffs provided
7 valuable goods and services to defendants and provided PAP
8 concessions based on defendants' false statements and omissions.

9 50. Plaintiffs' reliance was reasonable and foreseeable
10 and was proximately caused by defendants' representations and
11 omissions.

12 51. Defendants negligently disregarded the truth or
13 falsity of their representations or omissions.

14 52. Defendants made these representations and omissions
15 knowingly, willfully, maliciously, and in wanton disregard of
16 plaintiff's rights.

17 53. As a direct and proximate result of defendants'
18 conduct, plaintiffs suffered damages.

19
20 Count III

21 Section 43(a) of the Lanham Act
22 15 U.S.C. § 1125(a)

23 54. All foregoing paragraphs are incorporated herein by
24 reference.

25 55. Defendants made false and misleading representations of
26 fact in interstate commerce and in connection with goods or
27 services in commercial advertising or promotion. Defendants
28 misrepresented the nature, qualities, and/or origin of plaintiffs'

1 goods, services, or commercial activities. Plaintiffs have been or
2 are likely to be damaged by these acts.

3 56. Defendants' false representations have confused and
4 deceived, and have the tendency to confuse and deceive, a
5 substantial number of consumers concerning the characteristics of
6 products and services sold by plaintiffs in interstate commerce.

7 57. Plaintiffs have lost sales, profits, and goodwill, and
8 have suffered injury to their business reputation. Plaintiffs have
9 been and will continue to be injured in their efforts to sell their
10 products and services.
11

12 Count IV

13 Unfair Competition in Violation of
14 Cal. Bus. & Prof. Code § 17200 et seq.

15 58. All foregoing paragraphs are incorporated herein by
16 reference.

17 59. Defendants' conduct constitutes unlawful, unfair and
18 fraudulent business acts or practices and unfair, deceptive,
19 untrue and misleading advertising and as such constitutes unfair
20 competition within the meaning of Cal. Bus. & Prof. Code § 17200.

21 60. Defendants' acts of unlawful, unfair and fraudulent
22 competition are ongoing in California and threaten to continue
23 here.
24
25
26
27
28

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

Prayer for Relief

Verizon respectfully asks this Court to enter judgment on its behalf and award as follows:

- (a) Damages (including, without limitation, lost profits) in an amount to be determined at trial;
- (b) Disgorgement and restitution;
- (c) Plaintiffs' costs of suit herein, including without limitation their attorneys' fees actually incurred;
- (d) Punitive damages;
- (e) Injunctive relief;
- (f) Such other relief as may be just and proper.

1 Demand for trial by jury

2 Verizon hereby demands a trial by jury of all issues triable
3 by a jury.

4 Respectfully submitted,

5 VERIZON DELAWARE INC.,
6 VERIZON NEW ENGLAND INC.,
7 VERIZON MARYLAND INC.,
8 VERIZON NEW JERSEY INC.,
9 VERIZON NEW YORK INC.,
10 VERIZON PENNSYLVANIA INC.,
11 VERIZON WASHINGTON, D.C. INC.

12 /s/

11 John Thorne
12 Ajit V. Pai
13 Verizon
14 1320 North Courthouse Road
15 Arlington, VA 22201
16 Telephone: (703) 974-1600
17 Facsimile: (703) 974-0775

16 Charles P. Molster
17 Winston & Strawn
18 1400 L Street, N.W.,
19 10th Floor
20 Washington, D.C. 20005
21 Telephone: (202)371-5700
22 Facsimile: (202)371-5950

21 Donald J. Russell
22 Arnon D. Siegel
23 Robbins, Russell, Englert,
24 Orseck & Untereiner LLP
25 1801 K Street, N.W.
26 Suite 411
27 Washington, D.C. 20006
28 Telephone: (202) 775-4500
Facsimile: (202) 775-4510

Mark C. Hansen
Neil M. Gorsuch
Michael J. Guzman
Eli C. Schulman
John H. Longwell
Kellogg, Huber, Hansen, Todd
& Evans, P.L.L.C.
Sumner Square
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036-3209
Telephone: (202) 326-7900
Facsimile: (202) 326-7999

/s/

Daniel H. Bookin
O'Melveny & Myers LLP
Embarcadero Center West
275 Battery Street
San Francisco, California
94111-3305
Telephone: (415) 984-8700
Facsimile: (415) 984-8701

Attorneys for Plaintiffs