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**FILED**  
Clerk of the Superior Court  
DEC 16 2010  
By: T. CURRY, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

PEOPLE OF THE STATE OF CALIFORNIA,  
  
Plaintiff,  
  
v.  
  
DIRECTV, INC., A CALIFORNIA  
CORPORATION,  
  
Defendant.

Case No. 37-2010-00106109  
**FINAL JUDGMENT and PERMANENT  
INJUNCTION.**  
  
Dept: 25  
Judge: MARGO L. LEWIS

Plaintiff, the PEOPLE OF THE STATE OF CALIFORNIA, appearing through its attorneys, Edmund G. Brown Jr., Attorney General of the State of California, by Albert Norman Shelden and Judith Fiorentini, Deputy Attorneys General, and Defendant, DIRECTV, Inc., a California corporation, ("DIRECTV"), appearing through its attorneys Manatt, Phelps & Phillips, by Clayton S. Friedman, Esq., have stipulated and consented to the entry of this Final Judgment and Permanent Injunction ("Judgment") in the above-captioned action, prior to the taking of any proof and without trial or adjudication of any issue of law or fact and without this Judgment

1 constituting evidence of or an admission by the Defendant regarding any issue of law or fact  
2 alleged in the Complaint in the above-captioned action.

3 The Court having considered the pleadings and the Stipulation for Entry of Final Judgment  
4 executed by the Plaintiff and DIRECTV and filed concurrently herewith, and good cause  
5 appearing,

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

7 **1. PARTIES**

8 1. The People of the State of California is the Plaintiff in this case and DIRECTV, Inc.,  
9 a California Corporation, is the Defendant in this case.

10 **2. JURISDICTION**

11 2. The Court has jurisdiction over the subject matter of this action and jurisdiction over  
12 the parties to this action.

13 **3. VENUE**

14 3. Venue is proper in this Court.

15 **4. DEFINITIONS**

16 4. As used in this Judgment, the following words or terms shall have the following  
17 meanings:

18 4.1 "Advertise," "Advertised," "Advertisement," or "Advertising" shall mean any  
19 written, oral, graphic, or electronic statement, illustration, or depiction that is designed to create  
20 interest in the purchase or lease of, impart information about the attributes of, publicize the  
21 availability of, or affect the sale, lease, or use of, goods or services, whether the statement appears  
22 in a brochure, newspaper, magazine, free-standing insert, billboard, circular, mailer, package  
23 insert, package label, product instructions, electronic mail, website, homepage, television (in all  
24 forms), radio, commercial or any other medium.

25 4.2 "Agreement" shall refer to any written or oral agreement between DIRECTV and a  
26 consumer for the purpose of the purchase, sale, lease, rental, installation and/or activation of any  
27 DIRECTV Goods and/or DIRECTV Services.

28

1           4.3   “Clear and Conspicuous” or “Clearly and Conspicuously,” when referring to a  
2 statement or disclosure, shall mean that such statement or disclosure is disclosed in such size,  
3 color, contrast, location, duration, and audibility that it is readily noticeable, readable and  
4 understandable. A statement or disclosure may not contradict or be inconsistent with any other  
5 information with which it is presented. An audio statement or disclosure shall be delivered in a  
6 volume and cadence sufficient for a consumer to hear and understand the entire statement or  
7 disclosure. A video statement or disclosure shall be of a size and shade and appear on the screen  
8 for a duration sufficient for a consumer to read and understand the entire statement or disclosure.  
9 In a print Advertisement, or other printed promotional material, including, but without limitation,  
10 point of sale display or brochure materials directed to consumers, statements or disclosures shall  
11 be in a type size, font, appearance and location sufficiently noticeable for a consumer to read and  
12 comprehend it, in a print that contrasts with the background against which it appears.

13           4.4   “Consumer Acts” or “Consumer Protection Acts” shall refer to California Business  
14 and Professions Code sections 17200 et seq. and 17500 et seq.

15           4.5   “Direct Proximity” means that a term is disclosed immediately beneath, beside, or  
16 adjacent to an offer or term.

17           4.6   “DIRECTV Goods” shall mean the equipment that DIRECTV offers, leases, and/or  
18 sells to consumers, directly and/or through Third-Party Retailers, that enables customers to  
19 receive DIRECTV audio and video programming.

20           4.7   “DIRECTV Services” shall mean the audio and video programming that DIRECTV  
21 offers, leases, and/or sells to consumers, directly and/or through Third-Party Retailers, including,  
22 but not limited to, the installation, activation and/or delivery of DIRECTV programming,  
23 equipment, and/or any other DIRECTV Goods.

24           4.8   “Network Local Channels” shall refer to the local affiliates of ABC, CBS, Fox, PBS  
25 and NBC broadcast in a customer’s designated market area.

26           4.9   “Third-Party Retailer” shall mean one or more persons, a corporation, a partnership,  
27 or any other type of entity, as the case may be, who enters into an agreement with DIRECTV  
28 which permits the person or entity to Advertise, promote, or sell DIRECTV Services in

1 connection with the person's or entity's sale or lease of DIRECTV Goods, including bundling  
2 partners.

3 4.10 A "material fact," "material condition," "material term," or any similar phrase or  
4 combination of words or phrases is any fact that, if known, would have been important to a  
5 consumer making a purchasing decision. A "material limitation" means a term or condition under  
6 DIRECTV's control that necessarily affects a consumer's ability to obtain a price or offer as  
7 Advertised.

8 4.11 "Residential Account" means an account for a single family residence or a single unit  
9 of a multi-dwelling residence that contracts with DIRECTV for DIRECTV Services.

10 4.12 The "Effective Date" of the Judgment is January 1, 2011.

## 11 **5. APPLICATION OF JUDGMENT TO DIRECTV AND ITS SUCCESSORS**

12 5.1 DIRECTV shall, within thirty (30) days after the Effective Date, inform and give  
13 actual notice to all personnel at the Vice-President level and above, and shall implement a  
14 program to train appropriate employees and agents on the relevant terms of this Judgment.

15 5.2 Within thirty (30) days of the Effective Date, DIRECTV shall notify its Third-Party  
16 Retailers, in writing, of the terms and conditions of this Judgment and that they are required to  
17 comply with the terms and conditions of this Judgment. DIRECTV shall also require such Third-  
18 Party Retailers to comply with the terms and conditions of this Judgment as set forth in  
19 paragraphs 6.33, 6.35, 6.36, and 6.37.

20 5.3 The provisions of this Judgment shall be limited to DIRECTV Residential Accounts,  
21 and DIRECTV Goods and/or DIRECTV Services for Residential Accounts.

22 5.4 This Judgment shall bind DIRECTV, and with respect to conduct in connection with  
23 DIRECTV's operations within the United States (excluding Puerto Rico and other U.S.  
24 territories), its employees, representatives, officers, directors, managers, affiliates, subsidiaries,  
25 predecessors, parents, successors, assigns, and agents authorized to act on behalf of DIRECTV.

## 26 **6. INJUNCTIVE PROVISIONS**

27 Pursuant Business and Professions Code sections 17203 and 17535, upon the  
28 Effective Date of this Judgment, DIRECTV shall be permanently and forever enjoined, restrained

1 and bound from directly or indirectly engaging in the practices set forth herein and further,  
2 permanently required to directly or indirectly satisfy the affirmative requirements set forth herein.

3 **General Consumer Protection Provisions**

4 6.1 DIRECTV shall not commit any unfair or deceptive trade practices as defined by the  
5 State's Consumer Protection Statute set forth in Paragraph 4.4, and shall comply with all  
6 applicable State and local laws, rules and regulations on use of the word "free," free offers and/or  
7 other prize, gift, award and incentive promotions.

8 6.2 DIRECTV shall not offer, Advertise, lease, or sell any DIRECTV Goods or  
9 DIRECTV Services unless, at the time of the offer, Advertisement, lease or sale, it is able to  
10 provide consumers with a good or service that complies with the material representations made in  
11 connection with the offer, Advertisement, lease, or sale. This paragraph shall not be construed to  
12 apply in instances where factors beyond DIRECTV's control prevent consumers from receiving  
13 DIRECTV Goods and/or DIRECTV Services.

14 6.3 If a consumer notifies DIRECTV or one of its Third-Party Retailers of a problem  
15 regarding a recurring impairment and/or material limitation to the quality or usability of any  
16 DIRECTV Services, including, but not limited to, recurring material interference of signal  
17 reception that is not caused or attributable to improper installation by the consumer, a change in  
18 alignment of the satellite receiving equipment that is not caused by DIRECTV, misuse or abuse  
19 of the equipment, and/or other factors not within DIRECTV's control, DIRECTV shall either (i)  
20 allow the consumer to cancel his or her Agreement without the imposition of a cancellation fee,  
21 or (ii) directly, through a Third-Party Retailer, or other third party contractor, schedule and  
22 complete an in-home service appointment to correct the problem. If DIRECTV cannot correct the  
23 impairment or limitation problem within thirty (30) days of DIRECTV's receipt of such  
24 consumer's initial impairment or limitation notification, the consumer shall have the right to  
25 cancel his or her Agreement with DIRECTV without the imposition of an early cancellation fee.

26 6.4 DIRECTV shall promptly replace any leased DIRECTV Goods that cease to operate  
27 when such cessation is not caused or attributable to improper installation by consumers or misuse  
28 or abuse of the equipment at no cost to consumers other than reasonable shipping and handling

1 fees; provided, however, DIRECTV shall waive shipping and handling fees if the DIRECTV  
2 Goods require replacement within ninety (90) days of such DIRECTV Goods' initial activation.

### 3 Advertising Provisions

4 6.5 DIRECTV shall not use any statements or illustrations in any Advertisement or make  
5 any representations to consumers that create a false impression of a material fact regarding the  
6 grade, quality, quantity, make, value, age, size, color, usability, or origin of any goods or services,  
7 or which may otherwise misrepresent material facts regarding the nature, quality and/or  
8 characteristics of any DIRECTV Goods and/or DIRECTV Services.

9 6.6 DIRECTV shall Clearly and Conspicuously disclose any and all material terms or  
10 conditions of an offer to sell or lease any DIRECTV Goods and/or DIRECTV Services.

11 6.7 DIRECTV shall not misrepresent in any Advertisements, or other representations it  
12 makes to consumers, the availability of sports programming provided with any DIRECTV  
13 Services.

14 6.8 In any Advertisement which includes a specific price for DIRECTV Goods or  
15 DIRECTV Services, DIRECTV shall Clearly and Conspicuously disclose, in Direct Proximity to  
16 the price, all material limitations on a consumer's ability to obtain the Advertised price, including,  
17 but not limited to:

- 18 a. If the price is after rebate(s), and the consumer is required to take any action(s)  
19 to obtain the rebated price, the fact that the price is after rebate(s) or requires a rebate(s);  
20 b. Any commitment/agreement term to DIRECTV Services required to obtain the  
21 price; and  
22 c. If the price is promotional, the term of the promotional period.

23 6.9 In any Advertisement which includes a featured offer for DIRECTV Goods or  
24 DIRECTV Services (i.e., non-price offers, e.g., NFL Sunday Ticket or High Definition ("HD") /  
25 Digital Video Recorder ("DVR") upgrades), DIRECTV shall Clearly and Conspicuously disclose  
26 in Direct Proximity to the offer of DIRECTV Goods or DIRECTV Services, all material  
27 limitations on a consumer's ability to obtain the DIRECTV Goods or DIRECTV Services,  
28 including, but not limited to, as applicable, the following:

- 1           a. If the offer is after rebate(s), and the consumer is required to take any action(s)  
2 to obtain the rebated offer, the fact that the offer is after rebate(s) or requires a rebate(s);
- 3           b. Any commitment/agreement term to DIRECTV Services required to obtain the  
4 DIRECTV Goods or DIRECTV Services;
- 5           c. If a featured offer for an Advertised DIRECTV Goods or DIRECTV Services  
6 requires payment of a periodic lease or service fee (e.g., HD or DVR fees) to utilize the  
7 DIRECTV Goods or DIRECTV Services, the fact that additional fee(s) apply;
- 8           d. If the offer features local channels, the fact that local channels are not available  
9 in all areas or the percentage of designated market areas or television viewing households  
10 to which it does, or does not, provide local channels; and
- 11           e. If the DIRECTV Goods or DIRECTV Services is for a promotional period, the  
12 term of the promotional period.

13           For purposes of this section, a “featured offer” means that the Advertisement as a whole, or  
14 a portion of the Advertisement, identifies a particular DIRECTV Goods or DIRECTV Services  
15 and makes a particular offer regarding such DIRECTV Goods or DIRECTV Services. “Featured  
16 offer” shall not be construed to include an offer that only references the availability of additional  
17 DIRECTV Goods or DIRECTV Services; provided however, in instances where the availability  
18 of additional DIRECTV Goods or DIRECTV Services is referenced but not a “featured offer,”  
19 disclosures regarding the availability of such DIRECTV Goods or DIRECTV Services shall be  
20 Clearly and Conspicuously made in the Advertisement.

21           6.10 If an Advertisement contains multiple price, service, equipment, or other similar  
22 offers that contain the same material limitations, each disclosure required by Paragraphs 6.8 and  
23 6.9 need only be made once, provided such disclosure is Clear and Conspicuous, and Directly  
24 Proximate to the multiple offers, if applicable, pursuant to the terms of Paragraphs 6.8 or 6.9.  
25 Such disclosure shall Clearly and Conspicuously identify that it applies to all such offers.

26           6.11 In its Advertisements, DIRECTV shall Clearly and Conspicuously disclose the  
27 following, if applicable:

- 28           a. The fact that an Advertisement and/or offer is limited to new customers only;

- 1           b. The fact that an Advertisement and/or offer is contingent on a consumer's  
2 creditworthiness;
- 3           c. The fact that an Advertisement and/or offer requires a specific form of  
4 payment;
- 5           d. Any applicable early cancellation fee;
- 6           e. The fact that equipment non-return fees may apply;
- 7           f. Any applicable HD, DVR, and/or extra receiver fees;
- 8           g. If the offer features sports programming and/or packages and their specific  
9 availability, the fact that blackouts may apply or that not all games may be available; and
- 10          h. Any condition(s) required to claim and/or qualify for a rebate(s), such as  
11 completing an online rebate form with a valid e-mail address and/or consenting to the  
12 receipt of e-mails.

13          6.12 Notwithstanding the foregoing, in instances where a third party Advertising publisher  
14 or third party distributor imposes mandatory policies, requirements, rules, or other restrictions on  
15 the Advertisement that would make inclusion of the disclosures required by this Judgment  
16 impossible because of limitations on the parameters, format, size, and/or technical aspects of an  
17 Advertisement, including, but not limited to, restrictions on the maximum number of characters,  
18 lines of text or graphics, or pixels, and/or the file size, then such disclosures including,  
19 specifically, the disclosures required by Paragraphs 6.8, 6.9, and 6.11, shall not be construed to  
20 apply to that specific type of Advertisement. However, in instances where an Advertisement is of  
21 such limited space that the disclosures required by this Judgment cannot reasonably be Clearly  
22 and Conspicuously made in the Advertisement, but such disclosure would not otherwise be  
23 impossible, then DIRECTV shall include in such Advertisements the disclosures required by  
24 Paragraphs 6.8 and 6.9 in the same manner specified by those paragraphs. Provided however,  
25 that in any Advertisements covered by this Paragraph, DIRECTV shall also provide a phone  
26 number, web site, click-through, link, pop-up or other method for the consumer to access Clear  
27 and Conspicuous disclosures of the applicable full terms and conditions.



1 cancel the service within the Promotional Period to avoid being automatically billed for it,  
2 (iii) the cost of the service after the Promotional Period, (iv) the length of the Promotional  
3 Period, and (v) the means by which the consumer may cancel the service during the  
4 Promotional Period.

5 6.14 In addition to the requirements of 6.13, if the consumer pays DIRECTV a lump sum  
6 as a condition of receiving DIRECTV Goods or DIRECTV Services, DIRECTV shall Clearly and  
7 Conspicuously disclose, prior to any commitment by the consumer, all material terms and  
8 conditions associated with the lump sum payment, including, but not limited to, the following, if  
9 applicable:

- 10 a. That the consumer's payment is a condition of DIRECTV providing DIRECTV  
11 Goods or DIRECTV Services to the consumer;
- 12 b. Whether the consumer's payment is fully or partially refundable;
- 13 c. What conditions the consumer must meet to obtain a full or partial refund of the  
14 consumer's payment;
- 15 d. The amount of the consumer's payment; and
- 16 e. The time period in which DIRECTV must refund the consumer's payment if  
17 any refund conditions apply and are met.

18 **New or Additional Commitment/Agreement**

19 6.15 In addition to the requirements of 6.13, if any offer by DIRECTV, or an upgrade or  
20 other change by a consumer, requires a new or additional term of commitment/agreement for  
21 DIRECTV Goods or DIRECTV Services, DIRECTV shall first obtain express assent from the  
22 consumer to the new or additional term of commitment/agreement and shall Clearly and  
23 Conspicuously disclose all of the material terms of the new or additional term, including the term  
24 of the commitment/agreement and any cancellation fee that will be charged if the customer does  
25 not keep the commitment/agreement.

26 6.16 DIRECTV shall not obligate consumers to a new or additional term of  
27 commitment/agreement as a condition to repair or provide a substantially similar replacement  
28 (e.g., "like-for-like" replacement) of any leased DIRECTV Goods that malfunctions, or that is

1 required by DIRECTV in order to continue to receive equivalent programming and that is not the  
2 result of an upgrade or other change by the consumer. However, if a consumer elects to upgrade  
3 the replaced equipment (e.g., receives a HD and/or DVR receiver as an upgraded replacement for  
4 a standard receiver), then DIRECTV may require the consumer to consent to a new or additional  
5 programming commitment/agreement, provided that it obtains the consumer's express assent as  
6 required by Paragraph 6.15.

7 6.17 In addition to the requirements of 6.13, DIRECTV shall not automatically renew its  
8 seasonally-provided sports packages unless, prior to the time the consumer becomes obligated to  
9 pay for such seasonal sports package, DIRECTV:

10 a. Clearly and Conspicuously notifies the consumer in a letter, notice or bill, sent  
11 via email, if available, or U.S. mail at least thirty (30) days prior to renewal, that service  
12 will be renewed;

13 b. Clearly and Conspicuously discloses to the consumer in its notice a toll-free  
14 number which can be used to cancel the service;

15 c. Clearly and Conspicuously discloses that the consumer shall not be obligated to  
16 pay for the automatically renewed service if the consumer cancels prior to the start of the  
17 upcoming season, and that no refund will be provided for a cancellation after the start of  
18 the season; and

19 d. Clearly and Conspicuously discloses at the time of the consumer's original  
20 order for the service that it is subject to an automatic renewal.

### 21 **Programming Availability**

22 6.18 During the sale or lease of DIRECTV Goods and DIRECTV Services, DIRECTV  
23 shall disclose all material terms and limitations concerning the availability of Network Local  
24 Channels, including, but not limited to, specifically identifying which, if any, Network Local  
25 Channels are not available on DIRECTV's platform and the fact that consumers may look up  
26 detailed information regarding local channels on DIRECTV's website.

27 6.19 DIRECTV shall not make representations that programming, including sports and  
28 local channel programming, is available when it is not.

1 **Promotional Offers**

2 6.20 If DIRECTV offers its services, or any part of its services, pursuant to a Promotional  
3 Period, and the offer ends after the expiration of the Promotional Period, DIRECTV shall Clearly  
4 and Conspicuously disclose in each bill during the Promotional Period the total number of months  
5 of the offer, or alternatively, the number of months remaining in the offer.

6 6.21 DIRECTV shall not represent, expressly or by implication that a consumer will get  
7 "cash" or "cash back" from DIRECTV when, in fact, the consumer will receive a bill credit for  
8 DIRECTV charges.

9 **Sales Confirmation**

10 6.22 DIRECTV shall Clearly and Conspicuously disclose in a document, which shall be  
11 mailed or e-mailed to a new customer within seventy-two (72) hours of the consumer's order for  
12 DIRECTV Goods or DIRECTV Services ("Confirmation Letter"), all material terms and  
13 conditions of the consumer's purchase and activation of DIRECTV Goods and DIRECTV  
14 Services.

15 6.23 The Confirmation Letter required herein shall not contain any marketing or  
16 Advertisements for DIRECTV Goods or DIRECTV Services, or the goods or services of any  
17 entity associated with DIRECTV unless such materials are on stand-alone documents, inserts, or  
18 web pages, or if part of the letter, it is in a stand-alone section or area that does not obstruct the  
19 Clear and Conspicuous message of the Confirmation Letter. In addition, disclosures required in  
20 the Confirmation Letter may be Clearly and Conspicuously made in materials sent with the  
21 Confirmation Letter, including, but not limited to, in a rebate insert or claim form. The  
22 Confirmation Letter shall be sent in an envelope and/or e-mail that prominently displays the  
23 phrase, "Important – Your DIRECTV Order Confirmation" or similar language, on the envelope  
24 or in the subject line of the e-mail.

25 6.24 DIRECTV shall Clearly and Conspicuously disclose in the Confirmation Letter all  
26 material terms of the consumer's order for DIRECTV Goods and/or DIRECTV Services,  
27 including the following information:  
28

- 1 a. the length of the term of any programming commitment/agreement between the  
2 consumer and DIRECTV;
- 3 b. any minimum programming requirements;
- 4 c. that if the consumer accepts advanced equipment with optional features such as  
5 HD and/or DVR capabilities, the consumer must also (if such is the DIRECTV policy)  
6 subscribe to and pay monthly fees for such features;
- 7 d. an itemization of all DIRECTV Goods and DIRECTV Services selected by the  
8 consumer, and the itemized price for each;
- 9 e. the amount and mode of calculation of any cancellation fee, including the  
10 method used for calculating the prorated amount of any cancellation fee;
- 11 f. equipment return policies and procedures, including DIRECTV's general or  
12 standard equipment non-return fees, if any;
- 13 g. the address, and toll-free telephone number that the consumer should contact  
14 with questions regarding: (i) billing, including the end date of any billing credits on the  
15 consumer's account, (ii) installation, (iii) equipment, (iv) service, and (v) cancellation of  
16 service; and
- 17 h. where applicable, a statement that specifies: (i) the fact that the promotional  
18 price is contingent upon the consumer's request for a rebate(s), (ii) each component or  
19 requirement for claiming a rebate, if applicable, and (iii) the duration of the promotional  
20 price or period (e.g., "HBO for 3 Months").

21 6.25 At or prior to installation, DIRECTV shall deliver a written document which contains  
22 any other terms and conditions of the Agreement between the consumer and DIRECTV which  
23 have not been previously disclosed in the Confirmation Letter.

24 6.26 At or prior to installation, DIRECTV shall obtain the consumer's signature  
25 acknowledging the consumer is entering into a contract or commitment period for DIRECTV  
26 Services. In addition, DIRECTV shall provide the consumer with a document that Clearly and  
27 Conspicuously discloses:

28 ///

- 1           a.     the term of any programming commitment/agreement between the consumer  
2           and DIRECTV;
- 3           b.     the mode of calculation of any cancellation fee, including a description for  
4           calculating the prorated amount of any cancellation fee;
- 5           c.     the general fees associated with failing to return any equipment; and
- 6           d.     the identity of other documents the consumer has received which include the  
7           full terms and conditions associated with their purchase or lease of DIRECTV Goods or  
8           Services.

9           6.27 DIRECTV shall provide Clear and Conspicuous written notice to customers in their  
10          first bill that they may contact DIRECTV prior to the due date of the first bill if they believe there  
11          is a discrepancy between the amount(s) on their first bill and the price(s) they believe was  
12          promised to them at the time of sale. In the event a new customer complains to DIRECTV on or  
13          before the tenth day after the due date of his or her first bill that the price charged is not what was  
14          promised, DIRECTV will investigate the matter. To the extent that DIRECTV is unable to  
15          resolve any such customer's complaint, or provide evidence that the customer's allegation is  
16          unfounded, DIRECTV will agree to one of the following: (i) honor the price that the customer  
17          asserts was agreed upon; (ii) provide a resolution that is agreeable to the customer; or (iii) allow  
18          the customer to cancel and waive the early cancellation fee. However, the foregoing shall not be  
19          construed to apply to instances where the alleged price discrepancy is due to a customer's failure  
20          to account for any rebate that will be credited to the customer's account, or due to the fact that a  
21          customer has not yet submitted a rebate form. If the price discrepancy is due to any rebate that  
22          has not yet been submitted, then DIRECTV shall facilitate the submission of the customer's  
23          rebate, including by providing information to assist or permit such customer to submit the rebate.  
24          In the event of cancellation by a customer, the customer shall remain obligated to return all  
25          equipment, using a postage paid return kit or other method provided at DIRECTV's expense, or  
26          be subject to any applicable equipment non-return fee.

27          ///

28          ///



1 DIRECTV must disclose the information in Paragraph 6.31(d) in writing at least ten (10)  
2 days prior to collecting such fee.

3 6.32 In instances where a delinquent early cancellation fee is reported on a consumer's  
4 credit report by a third party collection agency, DIRECTV shall, in cases where DIRECTV has  
5 agreed to waive all or part of that early cancellation fee, request that the collection agency contact  
6 the credit agencies to remove the negative information relating to the delinquent early  
7 cancellation fee from the consumer's credit report. DIRECTV shall further, upon request of a  
8 consumer, provide written or electronic confirmation of its agreement to waive all or part of that  
9 delinquent early cancellation fee.

### 10 **Third-Party Retailers**

11 6.33 DIRECTV shall require its Third-Party Retailers to comply with the provisions of this  
12 Judgment, including all Advertising and sales disclosures required by this Judgment. If  
13 DIRECTV learns that any of its Third-Party Retailers are conducting any activities, directly or  
14 through another person, that violate the terms of this Judgment, DIRECTV shall take appropriate  
15 action against such Third-Party Retailers. Appropriate action shall be determined by the nature  
16 and circumstances of the violation, including, but not limited to, the pattern and/or severity of the  
17 conduct and any corrective action taken by the Third-Party Retailer, and shall consist of one or  
18 more of the following remedies:

19 a. Training or re-educating the Third-Party Retailer on the terms of its agreement  
20 with DIRECTV, including DIRECTV's standard policies, the terms of the Judgment and  
21 the consequences of the Third-Party Retailer's failure to comply with the terms of the  
22 Judgment in the future;

23 b. Requiring the Third-Party Retailer to impose appropriate guidelines to enforce  
24 the terms of the agreement between DIRECTV and the Third-Party Retailer, including  
25 DIRECTV's standard policies and the terms of the Judgment;

26 c. Requiring the Third-Party Retailer to impose appropriate guidelines and  
27 provide adequate training for its sales and marketing employees;  
28

1           d. Withholding of payments available under marketing cooperative programs  
2 and/or discretionary funding;

3           e. Placing the Third-Party Retailer on probation or other appropriate and  
4 reasonable discipline under the circumstances; and/or

5           f. Termination.

6           6.34 DIRECTV shall reasonably monitor sales activities of Third-Party Retailers in  
7 relation to DIRECTV Goods and/or DIRECTV Services, and shall reasonably investigate written  
8 customer complaints related to such activities that it receives directly from the Better Business  
9 Bureau, any regulatory agencies, or law enforcement entities. For a period of three (3) years from  
10 the Effective Date of the Judgment, upon request by the State, DIRECTV shall file a report, no  
11 more than semi-annually, with the Attorney General, with the following information:

12           a. the name, address, and phone number of each consumer who made a written  
13 allegation or complaint to DIRECTV regarding a Third-Party Retailer;

14           b. a copy or description of each allegation or complaint;

15           c. the name, address and phone number of the Third-Party Retailer against whom  
16 each allegation or complaint was lodged; and

17           d. the specific action DIRECTV took regarding each complaint or allegation.

18           6.35 If a Third-Party Retailer is providing DIRECTV Goods to the consumer pursuant to a  
19 lease, DIRECTV shall require the Third-Party Retailer to Clearly and Conspicuously disclose:

20           a. A statement that the consumer is entering into a lease of DIRECTV Goods; and

21           b. A statement that the consumer must return the DIRECTV Goods to DIRECTV  
22 at the end of the lease term in working condition, or incur an equipment non-return fee of  
23 a specified amount.

24           6.36 DIRECTV shall require its Third-Party Retailers, when offering, Advertising,  
25 installing, servicing, leasing, and/or selling any DIRECTV Goods and/or DIRECTV Services, to  
26 identify themselves to consumers, including prominently disclosing their name, address and  
27 telephone number, and their relationship to DIRECTV.

28



1 d. a description of the ultimate resolution of the complaint that includes any relief  
2 provided and the date of the resolution.

3 6.41 DIRECTV shall engage in a reasonable investigation of the consumer's complaint  
4 before providing a response to the consumer. As part of responding to an oral complaint  
5 regarding the lack of an agreement by a consumer to a commitment term for DIRECTV Services  
6 and corresponding early cancellation fee, DIRECTV shall inform the consumer to file a written  
7 complaint if they still object to the imposition of the cancellation fee. As part of investigating a  
8 written complaint to DIRECTV regarding the lack of an agreement by a consumer to a  
9 commitment term for DIRECTV Services and corresponding early cancellation fee, whether  
10 received directly by DIRECTV or through the Attorney General, a regulatory agency, or Better  
11 Business Bureau, DIRECTV shall review any evidence proving the consumer's express assent to  
12 the term or commitment in question. If DIRECTV is unable to prove the consumer's express  
13 assent to the new or additional programming commitment/agreement through evidence (e.g., a  
14 recording, signed agreement or other confirmation of assent including those permissible under the  
15 Electronic Signatures in Global and National Commerce Act (E-Sign)), DIRECTV shall, in  
16 responding to the complaint, disclose to the consumer that he/she may cancel his/her DIRECTV  
17 account without paying the early cancellation fee associated with the commitment/agreement that  
18 is the subject of the complaint. The consumer shall remain obligated to pay for any programming  
19 provided to the consumer prior to canceling his or her account. The consumer shall also remain  
20 obligated to return all leased equipment, using the return kit or other method provided by  
21 DIRECTV at its expense, or be subject to any applicable equipment non-return fee.

22 6.42 DIRECTV shall train its customer service representatives on DIRECTV's customer  
23 service policies, including DIRECTV policies requiring the customer service representative to:  
24 (i) identify himself or herself by first name and/or other personal identifier when communicating  
25 with a consumer regarding the consumer's complaint(s); (ii) note or document the consumer's  
26 complaint and any resolution offered; (iii) review and attempt to resolve the consumer's  
27 complaint; and (iv) honor any complaint resolution offered to the consumer.

28



1 mailing the Claim Form to any additional addresses for the consumer contained in DIRECTV's  
2 business records; and/or (iii) contacting the consumer at any phone number, e-mail address, or  
3 facsimile number that is contained in DIRECTV's business records regarding the consumer.

4       7.3 Review by the Claims Administrator. A consumer may elect to have his/her Eligible  
5 Complaint decided by the Claims Administrator by submitting the Claim Form to DIRECTV  
6 within forty-five (45) days of the date of the mailing of the Claim Form by DIRECTV. The  
7 consumer may return the Claim Form to DIRECTV by one of the following methods, at the  
8 consumer's choice: (i) via the U.S. Postal Service; (ii) via facsimile; or (iii) via any other  
9 additional manner set forth by DIRECTV. If the consumer fails to return the Claim Form within  
10 the 45-day period, the restitution offer made by DIRECTV will be deemed to be accepted. For  
11 purposes of this paragraph, the date on which a Claim Form is returned to DIRECTV shall be  
12 either: (i) the date of any postmark contained on the envelope used to return the Claim Form to  
13 DIRECTV via the U.S. Postal Service; (ii) the date on which the Claim Form is returned to  
14 DIRECTV via facsimile; or (iii) the date on which the consumer returns the Claim Form by any  
15 other additional manner set forth by DIRECTV.

16       7.4 Forwarding Documentation to the Claims Administrator. DIRECTV shall, within  
17 forty-five (45) days of its receipt of a properly completed Claim Form and a consent to release  
18 information from the consumer, provide to the Claims Administrator a copy of: (i) the  
19 consumer's Eligible Complaint; (ii) the consumer's submitted Claim Form; and (iii) any other  
20 document mailed by the consumer with either his/her Claim Form or Eligible Complaint.  
21 DIRECTV shall also provide to the Claims Administrator any documents transmitted by the  
22 consumer to DIRECTV prior to the Claims Administrator's resolution of the consumer's Eligible  
23 Complaint relating to the consumer's Eligible Complaint.

24       7.5 Restitution Payment or Other Appropriate Relief Within 30 Days. DIRECTV shall  
25 provide any consumer who accepts its offer of restitution and/or other appropriate relief with the  
26 restitution payment and/or any other appropriate relief that was accepted by the consumer no later  
27 than thirty (30) days from the date of such acceptance.  
28

1           7.6 Hiring of the Claims Administrator. Within sixty (60) days of the Effective Date of  
2 this Judgment, DIRECTV shall hire the Claims Administrator. For the purpose of protecting the  
3 proprietary and customer information to be provided to him/her by DIRECTV, the Claims  
4 Administrator shall enter into a contractual relationship with DIRECTV consistent with the terms  
5 of this Judgment. However, the selection of the Claims Administrator and any successor  
6 administrator shall be subject to the approval of the State, which shall not be unreasonably  
7 withheld or delayed.

8           7.7 DIRECTV to Pay Costs of Restitution Program. DIRECTV shall pay the Claims  
9 Administrator and all costs associated with the complaint-resolution program provided for in this  
10 Judgment.

11           7.8 Duties and Responsibilities of the Claims Administrator. The Claims Administrator  
12 is responsible for the coordination of the complaint-resolution program with the full and complete  
13 cooperation of all parties to this Judgment. The Claims Administrator's resolution of Eligible  
14 Complaints shall be binding on DIRECTV. The Claims Administrator shall conduct hearings on  
15 Eligible Complaints by telephone when requested by either party or when deemed necessary by  
16 the Claims Administrator for his or her resolution of an Eligible Complaint. The consumers shall  
17 be informed in writing of the option for a telephonic hearing. The Claims Administrator shall  
18 also be responsible for, among other things, the collection of all Eligible Complaints and  
19 supporting documents necessary for determination of restitution and/or other appropriate relief to  
20 consumers. The Claims Administrator shall request from DIRECTV and the consumer all  
21 information he/she deems necessary to make a full and fair resolution of an Eligible Complaint.  
22 Restitution provided pursuant to this Judgment shall be limited to the consumer's ascertainable  
23 loss, and nothing herein shall entitle any consumer to additional damages, fines or penalties,  
24 including, but not limited to, consequential damages. The Claims Administrator shall conduct a  
25 paper review or a review as otherwise provided herein of the Eligible Complaint and any  
26 supporting documentation. No state or federal rules of evidence shall apply to the Claims  
27 Administrator's review. The complaint-resolution program shall be designed in a consumer-  
28 friendly non-legal environment to encourage the consumer's participation in the process. Ex

1 parte communication with the Claims Administrator will not be allowed pertaining to any specific  
2 Eligible Complaint or as to the criteria used in evaluating each Eligible Complaint.

3       7.9 Decision by the Claims Administrator. The Claims Administrator shall issue a  
4 decision regarding an Eligible Complaint within a reasonable period of time following receipt of  
5 the Eligible Complaint and all required and/or requested documents, but in no event shall the  
6 decision be issued later than thirty (30) days following receipt of the Eligible Complaint or any  
7 supporting documentation without good cause, and shall deliver the decision to DIRECTV and to  
8 the consumer whose Eligible Complaint is the subject of the decision. In the event a decision  
9 issued by the Claims Administrator requires DIRECTV to provide a consumer with a restitution  
10 payment and/or other appropriate relief, DIRECTV shall, within thirty (30) days of its receipt of  
11 such decision, deliver to the consumer the required restitution payment and/or other appropriate  
12 relief. The Claims Administrator shall resolve all Eligible Complaints subject to the dispute  
13 resolution process in a prompt and efficient manner, with the goal of resolving all such Eligible  
14 Complaints (taking into account the volume of complaints and extenuating circumstances) within  
15 one (1) year from the date the Eligible Complaint is received.

16       7.10 Reporting Requirement. Upon written request, on the first and second year  
17 anniversary date of the hiring of the Claims Administrator, DIRECTV shall provide a report to  
18 the Attorney General, in a format and medium to be agreed upon by DIRECTV and the State,  
19 setting forth the following information: (i) the number of Eligible Complaints received from  
20 DIRECTV; (ii) a description of the nature of each Eligible Complaint, including a description of  
21 the business practice that is the focus of the Eligible Complaint; (iii) the name and address of each  
22 consumer who filed an Eligible Complaint; (iv) a description of the resolution of the Eligible  
23 Complaint, including the amount of any restitution payment and a description of any other relief  
24 offered; (v) a statement whether the Eligible Complaint was submitted to the Claims  
25 Administrator; and (vi) if the Eligible Complaint was submitted to the Claims Administrator, the  
26 decision of the Claims Administrator, and response, if any, of any consumer to the decision,  
27 including documentation of a consumer's acceptance of any relief ordered by the Claims  
28 Administrator.



1           9.4   Nothing in this Judgment shall limit the Attorney General's right to obtain  
2 information, documents or testimony from DIRECTV pursuant to any State or federal law,  
3 regulation or rule.

4           9.5   Jurisdiction is retained by this Court for the purpose of enabling the parties to this  
5 Judgment to apply to this Court for such further orders and directions as may be necessary or  
6 appropriate for the construction of, the modification of the injunctive provisions of or the  
7 execution of this Judgment, including the enforcement of compliance herewith and for  
8 punishment of violations hereof as permitted by law.

9           9.6   Any failure by any party to this Judgment to insist upon the strict performance by any  
10 other party of any of the provisions of this Judgment shall not be deemed a waiver of any of the  
11 provisions of this Judgment, and such party, notwithstanding such failure, shall have the right  
12 thereafter to insist upon the specific performance of any and all of the provisions of this Judgment  
13 and the imposition of any applicable penalties, including, but not limited to, contempt, civil  
14 penalties, and/or the payment of costs and/or attorneys' fees to the State.

15          9.7   DIRECTV shall not participate, directly or indirectly, in any activity to form a  
16 separate entity or corporation for the purpose of engaging in acts prohibited in this Judgment or  
17 for any other purpose which would otherwise circumvent any part of this Judgment or the spirit or  
18 purposes of this Judgment.

19          9.8   With respect to Advertising or marketing which has been purchased, submitted or  
20 used prior to the Effective Date of this Judgment, DIRECTV shall not be liable under this  
21 Judgment for its non-compliance with the terms and conditions of this Judgment so long as  
22 DIRECTV has made reasonable efforts to locate, withdraw, or amend such Advertising or  
23 marketing to comply with the requirements of this Judgment. DIRECTV shall not be liable under  
24 this Judgment for failing to prevent the re-publication of pre-existing Advertising or marketing  
25 that does not comply with this Judgment by independent third-parties or parties who are not  
26 subject to DIRECTV's control, so long as DIRECTV has complied with Paragraphs 6.34 through  
27 6.38 of this Judgment, and otherwise makes reasonable efforts to prevent such re-publication,  
28 including, but not limited to, exercising any available contractual rights, and, where no

1 contractual relationship exists, requesting in writing that the third-party terminate the re-  
2 publication of such Advertising or marketing.

3 9.9 DIRECTV shall not be liable for conduct of third-parties that violates the terms of  
4 this Judgment. However, nothing in this paragraph shall affect any obligations DIRECTV may  
5 have under this Judgment in connection with the conduct of third-parties.

6 9.10 DIRECTV shall comply with the terms of this Judgment beginning one hundred  
7 thirty-five (135) days following the Effective Date of this Judgment, or such other dates as  
8 specifically agreed to in this Judgment or in writing by DIRECTV and the Attorney General.

9 9.11 Nothing in the Judgment shall be construed to create, waive, or limit any private right  
10 of action.

## 11 10. COMPLIANCE WITH ALL LAWS

12 10.1 Nothing in this Judgment shall be construed as relieving DIRECTV of the obligation  
13 to comply with all State and federal laws, regulations or rules, nor shall any of the provisions of  
14 this Judgment be deemed to be permission to engage in any acts or practices prohibited by such  
15 law, regulation, or rule.

## 16 11. MONITORING FOR COMPLIANCE

17 11.1 In order to monitor compliance with this Judgment, the Attorney General shall be  
18 permitted to access, inspect and/or copy business records or documents under DIRECTV's  
19 control within forty-five (45) days of written request to DIRECTV, provided that the inspection  
20 and copying shall be done in such a way as to avoid disruption of DIRECTV's business activities.  
21 During the forty-five (45) day period, DIRECTV shall have the right to file a motion with the  
22 court objecting to the scope and/or reasonableness of the request by the Attorney General.  
23 Nothing in this Judgment shall be construed to limit or prevent the State's right to obtain  
24 documents, records, testimony, or other information pursuant to any law, regulation, or rule.

## 25 12. NOTIFICATION TO STATE

26 12.1 Any notices required to be sent to the State or DIRECTV by this Judgment shall be  
27 sent by United States certified mail, return receipt requested, or other nationally recognized  
28

1 courier service that provides for tracking services and identification of the person signing for the  
2 document. The documents shall be sent to the following addresses:

3 For the Attorney General for the State of California:

4 ALBERT NORMAN SHELDEN  
5 Deputy Attorney General  
6 110 West A Street, Suite 1100  
7 San Diego, CA 92101  
8 P.O. Box 85266  
9 San Diego, CA 92186-5266  
10 Telephone: (619) 645-2089  
11 Fax: (619) 645-2062  
12 E-mail: albert.shelden@doj.ca.gov

13 For DIRECTV:

14 Robin N. Rogers  
15 General Counsel  
16 DIRECTV, Inc.  
17 2230 East Imperial Highway  
18 El Segundo, CA 90245

19 and

20 Clayton S. Friedman  
21 Manatt, Phelps and Phillips  
22 695 Town Center Drive  
23 Fourteenth Floor  
24 Costa Mesa, CA 92626

25 12.2 Any party may designate a different individual to receive the notices required to be  
26 sent by sending written notification to the other parties, at least thirty (30) days before such  
27 change will occur, identifying that individual by name and/or title, and mailing address.

### 28 13. RELEASE

13.1 This Judgment constitutes a complete and absolute settlement and release of any and  
all civil claims, causes of actions, damages, restitution, fines, costs and penalties based on, arising  
out of or in any way related, in whole or in part, directly or indirectly, to conduct, acts or  
omissions occurring prior to the Effective Date which were asserted in the State's Complaint or  
addressed by the terms of this Judgment, under the Consumer Protection Acts set forth in  
Paragraph 4.4, and any other applicable law, rule or regulation addressed by the terms of this  
Judgment (the "Released Claims"), by the Office of the Attorney General against DIRECTV

1 and/or all of its subsidiaries and affiliates, past and present, and their past and present successors,  
2 parents, employees, representatives, attorneys, shareholders, officers, directors, managers, agents  
3 authorized to act on behalf of DIRECTV, and assigns authorized to act on behalf of DIRECTV  
4 (collectively the "Releasees") with respect to conduct in connection with DIRECTV's operations  
5 within the United States (excluding Puerto Rico and other U.S. territories). Released Claims do  
6 not include claims pursuant to any other statute or regulation (including, without limitation,  
7 antitrust laws, environmental laws, tax laws, and criminal statutes and codes), nor do they include  
8 actions or proceedings brought pursuant to State consumer protection laws or statutes alleging  
9 violations that are not addressed by the Attorney General's Complaint or the terms of this  
10 Judgment. The relief provided in this Judgment shall be the sole and exclusive remedy for any  
11 action or proceeding in any form by the Attorney General, or his/her designee, against the  
12 Releasees based upon any Released Claims, including, but not limited to, any action or  
13 proceeding seeking restitution, injunctive relief, fines, penalties, attorneys' fees and costs.

14 14. The Clerk is ordered to enter this Judgment forthwith.

15  
16 Dated: December 16, 2010

MARGO L. LEWIS

JUDGE OF THE SUPERIOR COURT

# EXHIBIT "A"

## EXHIBIT A

### 2010 PARTICIPATING STATES

- Alabama
- Alaska
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- District of Columbia
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois
- Indiana
- Iowa
- Kansas
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Mississippi
- Missouri
- Montana
- Nebraska
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- North Dakota
- Ohio
- Oklahoma
- Oregon
- Pennsylvania
- Rhode Island
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Vermont
- Virginia
- West Virginia
- Wisconsin
- Wyoming