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20
21 THE UNITED STATES DISTRICT COURT
22 FOR THE CENTRAL DISTRICT OF CALIFORNIA

23 SETH SHAPIRO,

24 Plaintiff,

25 v.

26 AT&T MOBILITY, LLC,

27 Defendant.

28 Case No. 2:19-cv-8972

CIVIL COMPLAINT

DEMAND FOR JURY TRIAL

I. NATURE OF THE ACTION

1. This action arises out of AT&T’s repeated failure to protect its wireless cell service subscriber—Seth Shapiro—from its own employees, resulting in massive and ongoing violations of Mr. Shapiro’s privacy, the compromise of his highly sensitive personal and financial information, and the theft of more than \$1.8 million.

2. AT&T is the country’s largest wireless service provider. Tens of millions of subscribers entrust AT&T with access to their confidential information, including information that can serve as a key to unlock subscribers’ highly sensitive personal and financial information.

3. Recognizing the harms that arise when wireless subscribers’ personal information is accessed, disclosed, or used without their consent, federal and state laws require AT&T to protect this sensitive information.

4. AT&T also recognizes the sensitivity of this data, and promises its subscribers that it “will protect [customers’] privacy and keep [their] personal information safe” and that it “will not sell [customers’] personal information to anyone, for any purpose. Period.” AT&T repeatedly broke these promises.

5. In an egregious violation of the law and its own promises, and despite advertising itself as a leader in technological development and as a cyber security-savvy company, AT&T repeatedly failed to protect Mr. Shapiro’s account and the sensitive data it contained. AT&T failed to implement sufficient data security systems and procedures and failed to supervise its own personnel, instead standing by as its employees used their position at the company to gain unauthorized access to Mr. Shapiro’s account in order to rob, extort, and threaten him in exchange for money.

6. AT&T’s actions and conduct were a substantial factor in causing significant financial and emotional harm to Mr. Shapiro and his family. But for

AT&T employees' involvement in a conspiracy to rob Mr. Shapiro, and AT&T's failure to protect Mr. Shapiro from such harm through adequate security and oversight systems and procedures, Mr. Shapiro would not have had his personal privacy repeatedly violated and would not have been a victim of SIM swap theft.

7. Mr. Shapiro brings this action to hold AT&T accountable for its violations of federal and state law, and to recover for the grave financial and personal harm suffered by Mr. Shapiro and his family as a direct result of AT&T's acts and omissions, as detailed herein.

II. THE PARTIES

8. Plaintiff Seth Shapiro is, and at all relevant times was, a resident of California. Mr. Shapiro currently resides in Torrance, CA, with his wife and two young children.

9. Mr. Shapiro is a two-time Emmy Award-winning media and technology expert, author, and adjunct professor at the University of Southern California School of Cinematic Arts. He regularly advises Fortune 500 companies on business development in media and technology. Mr. Shapiro was also an early investor in digital currencies.

10. Mr. Shapiro is a former AT&T wireless customer. He purchased a wireless cell phone plan from AT&T in Los Angeles, California in approximately 2006 for personal use and was an active, paying AT&T wireless subscriber at all times relevant to the allegations in this Complaint.

11. Defendant AT&T Mobility, LLC (hereinafter, "AT&T") is a Delaware limited liability corporation with its principal office or place of business in Brookhaven, Georgia. AT&T "provides nationwide wireless services to consumers and wholesale and resale wireless subscribers located in the United States or U.S. territories" and transacts or has transacted business in this District and throughout the United States. It is the second largest wireless carrier in the United States, with

more than 153 million subscribers, earning \$71 billion in total operating revenues in 2017 and \$71 billion in 2018. As of December 2017, AT&T had 1,470 retail locations in California.¹

12. AT&T provides wireless service to subscribers in the United States. AT&T is a “common carrier” governed by the Federal Communications Act (“FCA”), 47 U.S.C. § 151 *et seq.* AT&T is regulated by the Federal Communications Commission (“FCC”) for its acts and practices, including those occurring in this District.

13. AT&T Inc., AT&T’s parent company, acknowledged in its 2018 Annual Report that its “profits and cash flow are largely driven by [its] Mobility business” and “nearly half of [the] company’s EBITDA (earnings before interest, taxes, depreciation and amortization) come from Mobility.”²

14. Despite the importance of its mobility business, instead of focusing on providing ramping up security for their customers, AT&T Inc. has gone on a buying spree costing over \$150 billion, acquiring: Bell South (including Cingular Wireless and Yellowpages.com), Dobson Communications, Edge Wireless, Cellular One, Centennial, Wayport, Qualcomm Spectrum, Leap Wireless, DirecTV, and Iusacell and NII Holdings (now AT&T Mexico). During the same period, AT&T’s mobile phone business was rated as the worst among major providers. Consumer Reports named it the “worst carrier” in 2010, and the next year, J.D. Power found AT&T’s network the least reliable in the country—a dubious achievement that it also earned in prior years. Little wonder that its customers were the least happy of subscribers of the Big Four carriers according to the American Consumer Index. In the meantime, AT&T Inc. has purchased for a total equity value of \$85.4 billion Time Warner Inc.—the owner of HBO, Warner Bros,

¹ “About Us,” AT&T, *available at* <https://engage.att.com/california/about-us/>. All URLs in this complaint were last accessed on October 15, 2019.

² ..

CNN, Turner Broadcasting, Cartoon Network, Turner Classic Movies, TBS, TNT and Turner Sports.

III. JURISDICTION AND VENUE

15. This Court has jurisdiction over this matter under 28 U.S.C. § 1331 because this case arises under federal question jurisdiction under the Federal Communications Act (“FCA”). The Court has supplemental jurisdiction under 28 U.S.C. § 1337 over the state law claims because the claims are derived from a common nucleus of operative facts. The Court also has jurisdiction over this action pursuant to 28 U.S.C. § 1332 because Mr. Shapiro is a citizen of a different state than AT&T.

16. This Court has personal jurisdiction over AT&T because AT&T purposefully directs its conduct at California, transacts substantial business in California (including in this District), has substantial aggregate contacts with California (including in this District), engaged and is engaging in conduct that has and had a direct, substantial, reasonably foreseeable, and intended effect of causing injury to persons in California (including in this District), and purposely avails itself of the laws of California. AT&T had more than 33,000 employees in California as of 2017, and 1,470 retail locations in the state.³ Mr. Shapiro purchased his AT&T wireless plan in California, visited AT&T retail locations in California, and was injured in California by the acts and omissions alleged herein.

17. In accordance with 28 U.S.C. § 1331, venue is proper in this District because a substantial part of the conduct giving rise to Mr. Shapiro’s claims occurred in this District and Defendant transacts business in this District. Mr. Shapiro purchased his AT&T wireless plan in this District and was harmed in this District, where he resides, by AT&T’s acts and omissions, as detailed herein.

IV. ALLEGATIONS APPLICABLE TO ALL COUNTS

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