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12 **UNITED STATES DISTRICT COURT**

13 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

14 TERESA GUTIERREZ and
15 MICHAEL CAMOU, individually,
and on behalf of all others similarly
situated,

16 Plaintiffs,

17 v.

18 SPRINT CORPORATION,

19 Defendant.

CASE NO.: 2:21-cv-03865

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

21 **CLASS ACTION COMPLAINT**

22 Plaintiffs Teresa Gutierrez and Michael Camou, individually, and on behalf of
23 all others similarly situated (the “Class”), bring this action against Sprint Corporation
24 (“Sprint” or “Defendant”). Plaintiffs make the following allegations pursuant to the
25 investigation of counsel and based upon information and belief, except to the
26 allegations specifically pertaining to them, which are based upon personal knowledge.

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I. NATURE OF THE ACTION

1. This class action arises from unconscionable contracts entered into between Sprint and customers of Sprint’s Flex Lease Agreement program (“Flex Lease program” or “Flex Lease plan”).¹ The Sprint Flex Lease program purports to provide customers options in order to obtain mobile phone devices (the “Devices”) at a supposedly low monthly cost, through monthly installment payments and the ability to cancel the contracts after a set time period. In reality, however, consumers pay significantly more than the value of their Devices due to Sprint’s ongoing monthly charges after the lease terms end, or are required to make additional payments at the end of the initial lease term for customers who want to own their devices, or are unable to cancel the program after the termination of the lease period despite attempting to do so.

2. Customers report being told, at or around the initiation of their Flex Lease programs, that they would be notified when they were nearing the end of the plan periods and informed of their options.² In fact, numerous customers claim that

¹ Sprint variously refers to this program by several different names, including “Sprint Flex program,” “Flex Lease Program,” and “Flex Lease Agreement”; regardless of name, all plans bear the characteristics that give rise to the claims alleged herein.

² One consumer entered into a Flex Lease plan in the summer of 2017 to obtain a new phone for her daughter, who was headed to college in the Fall. She was told by Sprint that the phone would cost about \$800 and that she would be required to make payments of \$42 per month for 20 months, which would cease in or around the Spring of 2019. She was also told that Sprint would contact her one month before the plan ended to offer her the opportunity to keep the phone and to end the monthly payments. In or about November 2018, she contacted Sprint to cancel her plan after Sprint’s coverage in her area became unreliable. The Sprint CSR offered to “move” her to a T-Mobile plan but did not disclose that there was cost associated with the move. Within a few hours after the call, she was charged a \$1,200 termination fee; she immediately called Sprint to have her plan reinstated to which Sprint agreed – and charged her a \$45 reconnection fee. Subsequently, in 2020, she contacted Sprint to see how many payments remained before the phone would be paid off. She was advised that she had “missed” her opportunity to cancel – despite having never been

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1 they were never notified—either before or after the exhaustion of the initial Flex
2 Lease plan—of the option to pay off the Device at the end of the lease term so that
3 they continue making monthly payments indefinitely.

4 3. Other customers who notify Sprint after their leases end that they want
5 to own their Devices report being unaware or misled when they learn that their
6 ongoing monthly payments have not applied to the price to own the Devices so that
7 they are required to make an additional payoff payment (either in one lump sum or on
8 a monthly basis) to own the Devices, which results in consumers’ payments to Sprint
9 in amounts well over the value of the Devices -- after consumers have already paid
10 their full value.

11 4. Customers who attempt to cancel their contracts by returning their
12 phones find that their efforts are intentionally frustrated.³

13 5. Customers who call to exercise their option of paying off their Devices
14 or cancelling their leases by returning their phones are sent to the website, and
15 customers who have gone to the website to pay off their Devices are asked to call or
16 use the chat function. Customers have reported being sent to confusing webpages
17 where the links to purchase the Devices are hidden, or receiving emails from Sprint
18 that are sent by a third-party, such as “InfoRequest,” and thus overlooked. Customers
19

20 _____
21 notified of the opportunity. As of February 2021, she had made over 30 monthly
22 payments for her Device, paying over \$1,000 over the purchase price and continued
23 to make those monthly payments given a lack of options.

24 ³ One consumer who leased three phones from Sprint through the Flex Lease
25 program called Sprint and asked to purchase his phones after the lease expired, but
26 was told that he could only do so online. When he went online to purchase his
27 phones and end the lease, the web page was slow and the link to purchase was
28 hidden in various menus. He was unable to accomplish the purchase of his leased
phones. When he later realized the lease payments were not going toward the payout
cost of the devices, he went back onto the website where he was advised that he had
to call Sprint or use the chat function to cancel his lease. He spent 45 minutes in the
Chat function with Sprint, but the customer service representative (“CSR”) was
unable to facilitate the purchase and had to escalate his case.

1 have had issues with contacting Sprint’s customer service, being told they would
2 receive a call back that never came.⁴ Customers have also been forced to wait on hold
3 on a call or in the chat function for lengthy wait times.⁵

4 6. Flex Lease plan customers have also experienced Sprint’s refusal to
5 accept Devices for return – even if they have minimal wear -- or have been told that
6 they were ineligible for the buyout option.⁶ Customers have been told that they were
7 a poor credit risk, making them ineligible for upgrade so the only remaining options
8 available to them were to pay the buyout costs or to continue to rent the Device.⁷

9 7. Without a realistically available option to own their Devices or cancel
10 their leases, customers are left paying to lease their Devices indefinitely.

11 8. Accordingly, Plaintiffs bring this action to redress Sprint’s violations of
12 California’s Unfair Competition Law (“UCL”) (Cal. Bus. & Prof. Code §§ 17200 *et*
13 *seq.*), California’s Consumer Legal Remedies Act (“CLRA”) (Cal. Civ. Code §§ 1750

14
15 ⁴ Another consumer entered into two Flex Lease agreements in 2016 that he
16 understood would expire in 2018. He was not advised by Sprint that, if he did not
17 take action, his payments would continue indefinitely without applying toward the
18 cost of the phone. As of January 2021, he had contacted Sprint multiple times
19 seeking a resolution – each time being told by Sprint CSRs that his calls were being
20 escalated and that someone will return his call in three to five days. His calls have
21 not been returned. He has continued to be charged more than \$38 per month per
22 phone for over four years.

23 ⁵ *See supra* note 3 (customer reported spending 45 minutes in the chat function and
24 being unable to reach a resolution).

25 ⁶ An additional consumer entered into a Flex Lease that extended until November
26 2019. Since November 2019, she has paid more than \$494 and been told she needs
27 to pay an additional \$111.66. She has contacted Sprint but was advised that it will
28 not accept the phone as a return because it has a small crack, though it remains in
working condition.

⁷ A California resident entered into a contract with Sprint for a Galaxy Note in 2018.
She understood she would pay \$39 per month for installment payments and would
have the option of upgrading within six to nine months. More than nine months
later, she contacted Sprint seeking an upgrade in April 2020. She was told that she
was a poor credit risk, despite that she had always paid her cell phone bills on time,
and was ineligible for upgrade. She was told she could instead buy her phone
outright and lower her monthly payments to \$14 per month. She agreed to do so, but
it took three months for the lowered monthly charge to come into effect.

1 *et seq.*), and to seek recovery for common law fraud, conversion and unjust
2 enrichment.

3 **II. PARTIES**

4 **PLAINTIFFS**

5 **Plaintiff Teresa Gutierrez**

6 9. Plaintiff Teresa Gutierrez is a resident of Downey, California.

7 10. On or about December 7, 2017, Plaintiff Gutierrez leased two 64GB
8 iPhone 8 Devices through Sprint’s Flex Lease program.

9 11. From approximately December 2017 to May 2019, or 18 months,
10 Plaintiff Gutierrez paid \$36.76 per month for each Device (including taxes and fees)
11 for a total payment of \$661.68 per Device.

12 12. Plaintiff Gutierrez understood that after she had made 18 monthly
13 payments on her Devices, the payments would represent the value of the Devices, or
14 approximately \$661.68 per Device.

15 13. Plaintiff Gutierrez further understood that after making 18 monthly
16 payments for each Device, she would own both of them outright.

17 14. On or about May 7, 2019, Plaintiff Gutierrez received an email from
18 Sprint indicating that, “It’s time to choose your next move!” and that “Sprint Flex
19 gives you flexibility and puts you in control. It’s time to ‘Flex’ your potions – buy it,
20 upgrade, return it or continue leasing.” To own the Device, she was told:

21 Love the phone you have? Buy it in one lump sum or in six monthly
22 payments any time after your 17th month is billed. Tap Buy now and
23 sign in. Find the phone, click the 3 dots to the right and choose View
24 agreement. App users tap Next steps for your device.

25 15. Plaintiff Gutierrez wished to own her Devices, but because she
26 understood that she had already paid more than their full value at the time she received
27 the email from Sprint, she declined to pay the proposed “one lump sum” of \$199.87
28 or “six monthly payments” of \$33.31/month.

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