Granted as Submitted

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Clerk of the Superior Court
*** Electronically Filed ***
L. Gilbert, Deputy
1/3/2024 8:00:00 AM
Filing ID 17117462

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10	Attorneys for the State of Arizona		
11			
12	SUPERIOR COURT OF ARIZONA		
13	IN MARICOI	PA COUNTY	
14	STATE OF ARIZONA, ex rel. KRISTIN K.	Case No.: CV2023-019752	
15	MAYES, Attorney General,		
	Disintiff	CONSENT DECREE	
16	Plaintiff,		
17	v.		
18	COX ENTERPRISES, INC.; COX		
19	COMMUNICATIONS INC.; COXCOM,	(Assigned to the Hon. Brian Palmer)	
20	LLC; COX COMMUNICATIONS		
	ARIZONA, LLC; COX ARIZONA TELCOM,		
21	L.L.C.		
22	Defendants.		
23			
24	The State of Arizona, ex rel. Kristin K. M	ayes, the Attorney General (the "State"), filed a	
25	Complaint alleging violations of the Arizona Co	nsumer Fraud Act, A.R.S. §§ 44-1521 to -1534	

(the "CFA"), and Cox Enterprises, Inc., Cox Communications Inc., CoxCom, LLC, Cox

Communications Arizona, LLC, and Cox Arizona Telcom, L.L.C. (collectively, "Cox" or

"Defendants") have waived service of the Complaint, have been advised of the right to a trial in

this matter, and have waived the same. Defendants admit the jurisdiction of this Court over the subject matter and parties, stipulate that this Court may enter the following Factual Allegations, Legal Allegations, and Consent Decree, and acknowledge that this Court will retain jurisdiction solely for the purpose of enforcing this Consent Decree.

The parties enter into this Consent Decree without trial or adjudication of any issue of fact or law and without admission or finding of any violations of any law. Cox neither admits nor denies the Factual Allegations below nor any of the allegations in the State's Complaint. Cox, not out of any admission of liability, wrongdoing or violation, has consented and stipulated to entry of this Consent Decree to compromise an investigation by the Arizona Attorney General's Office. This Consent Decree is entered into solely for the purposes of settlement and to avoid incurring the costs and risks associated with litigation.

PARTIES

- 1. The State is authorized to bring this action under the CFA.
- 2. Defendant Cox Enterprises, Inc. is a Delaware corporation incorporated on December 13, 1968 with its principal place of business at 6205 Peachtree Dunwoody Rd., Atlanta, GA 30328
- 3. Defendant Cox Communications, Inc., a wholly owned subsidiary of Cox Enterprises, Inc., is a Delaware corporation that incorporated on May 19, 1994, with its principal place of business at 6205 Peachtree Dunwoody Rd., Atlanta, GA 30328.
- 4. Defendant CoxCom, LLC, a wholly owned subsidiary of Cox Communications, Inc., is a Delaware limited liability company that incorporated on July 15, 1995, with its principal place of business at 6205 Peachtree Dunwoody Rd., Atlanta, GA 30328.
- 5. Defendant Cox Communications Arizona, LLC, a wholly owned subsidiary of CoxCom, LLC, is a Delaware limited liability company incorporated on August 12, 2011.
- 6. Defendant Cox Arizona Telcom, L.L.C., a wholly owned subsidiary of Cox Communications Arizona, LLC, is a Delaware limited liability company that incorporated on June 5, 1997.
 - 7. Defendants caused events to occur in Arizona out of which the claims which are

the subject of the Complaint arose.

- 8. This Court has jurisdiction over the Complaint and the parties necessary for the Court to enter this Consent Decree and any orders hereafter appropriate pursuant to A.R.S. § 44-1528 and this Consent Decree.
 - 9. Venue is proper in Maricopa County pursuant to A.R.S. § 12-401.

FACTUAL ALLEGATIONS

The State alleges that Defendants engaged in the following conduct:

- 10. Cox and its predecessor entities have offered cable television services to Arizonans since at least 1994.
- 11. As part of Cox's cable television service, Cox retransmits the live broadcasts of certain local broadcast stations. Although these stations' broadcasts are available at no cost to the public via over-the-air transmission, federal law prohibits a cable television provider from retransmitting such broadcasts without the consent of the originating station. To obtain the "retransmission consent", Cox negotiates agreements with the originating stations, which may require Cox to pay money and other consideration in exchange for the right to retransmit the broadcasts to Cox customers.
- 12. Since at least 1994, Cox has continuously offered cable television packages in Arizona featuring one or more Regional Sports Networks ("RSNs"), including a network owned by Cox that formerly operated as an RSN, known at times as the "Arizona Sports Programming Network" and "Cox Sports," among other names. Other RSNs not owned by Cox have included Fox Sports Arizona, Bally Sports, and Pac-12 Network, among others. RSNs often have exclusive rights to regional sports content.
- 13. In order to provide the sports content owned by an RSN, Cox must have the consent of the RSN. To obtain consent, Cox negotiates agreements with the RSNs, which require Cox to pay money and other consideration in exchange for the right to provide the RSN's sports content to Cox customers.
- 14. In January 2015, Cox began charging its Arizona cable television customers a \$4.00 per-month "Broadcast Surcharge Fee" ("BSF") in connection with its provision of local

broadcast stations. Between January of 2017 and November of 2022, Cox increased the permonth BSF charge in January of each year as well as in November of 2022, for a total of seven increases. As of October 2023, the BSF charge is \$22.00 per-month. The BSF reflects a portion of, but neither fully covers nor exceeds, the amounts that Cox pays to retransmit the live content of the local broadcast stations.

- 15. In January 2017, Cox began charging its Arizona cable television customers with cable packages that included one or more RSNs a \$6.00 per-month "Regional Sports Surcharge" ("RSS") in connection with the provision of those networks. Between January of 2019 to November of 2022, Cox increased the per-month RSS charge in January of each year and in November of 2022, for a total of five increases. As of October 2023, the RSS charge is \$10.00 per-month. The RSS reflects a portion of, but neither fully covers nor exceeds, the amounts that Cox pays to deliver the RSNs' sports content to Cox customers.
- 16. Between 2015 and March 2021, Cox advertised pricing for services in Arizona that regularly excluded the BSF and RSS, and stated that advertised prices excluded "taxes, surcharges, and other fees."
- 17. Since at least August 14, 2014, Cox has advertised and offered some combination of Price Lock Guarantee, Service Agreements, and Term Agreements (collectively "Term Agreements") for residential cable television services to Arizonans. Term Agreements function as contracts between Cox and their Arizona customers that run for 12 or 24-month periods. Prior to March 23, 2021, Term Agreements for residential cable television services included terms that allowed Cox to charge an Early Termination Fee if a customer changed or canceled cable service before the expiration of the term of the agreement, unless certain exceptions applied.
- 18. Between 2015 and March 2021, Cox advertised a "Price Lock Guarantee" and other promises of fixed pricing for customers who entered into Term Agreements.
- 19. In fact, Cox Term Agreements, including the "Price Lock Guarantee" agreement, provided a customer with a "Protected Retail Rate," which required that, during the length of the agreement, Cox would not charge a customer more than Cox's published regular month-to-month, non-promotional retail rate in effect as of the first day of the Term Agreement. The

"Protected Retail Rate" is defined in the Term Agreement to exclude taxes, fees, surcharges, discounts, and promotional pricing.

- 20. Because Term Agreements offered between 2015 and March 2021 (even those advertised as providing a "Price Lock Guarantee") did not include fixed overall pricing inclusive of surcharges, Cox could change the amount of surcharges such as the BSF and RSS, resulting in a change to the overall amount charged to customers on Term Agreements. The BSF and RSS typically increased on a yearly basis as described in ¶¶ 14—15.
- 21. Cox and its predecessors have also offered telephone service to customers since 1998.
- 22. As part of Cox's telephone service, Cox provides interstate and international long-distance calling.
- 23. In January 2014, Cox began charging its Arizona telephone service customers a \$1.49 per month "Carrier Cost Recovery Fee" ("CCRF") in connection with the provision of customers' interstate and international long-distance charges. In January 2018, the CCRF increased to \$1.60 per month and has not increased since January 2018. The CCRF is not government mandated.
- 24. Between January 2014 and March 2021, Cox advertised pricing for services in Arizona that regularly excluded the CCRF, and stated that advertised prices excluded "taxes, surcharges, and other fees."

LEGAL ALLEGATIONS

- 25. The State alleges that the practices alleged above constitute unlawful practices in violation of the CFA.
- 26. The State alleges that Defendants were acting willfully, as defined by A.R.S. § 44-1531(B), while engaging in the acts, practices and conduct described in the preceding paragraphs of this Consent Decree.
- 27. The State alleges that, pursuant to the CFA, Defendants' violations entitle the State to relief necessary to prevent the unlawful acts and practices described in this Consent Decree and to remedy the consequences of past alleged unlawful practices.

ORDER

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

INJUNCTIVE TERMS

- 28. The injunctive relief set forth in this Consent Decree is binding upon any of the following that receive actual notice of this Consent Decree through personal service or otherwise: (a) Defendants and their subsidiaries who offer residential cable television service, or residential telephone service in Arizona; (b) their officers, agents, servants, employees, and attorneys; and (c) those persons in active concert or participation with Defendants or any of their officers, agents, servants, employees, or attorneys. The terms in paragraphs 28-35 shall be in effect for a period of three years from the effective date of this Consent Decree. Notwithstanding paragraphs 28-35, to the extent any change in controlling federal or state law conflicts with requirements of these Injunctive Terms, the requirements of federal or state law shall supersede the conflicting portions of paragraphs 28-35.
- 29. For all future Cox advertisements of its residential cable television or residential telephone services in Arizona that include advertised monthly or recurring prices, Cox shall include in the advertised price any Cox-created or Cox-imposed recurring charges, surcharges, or fees, but may exclude any government-imposed taxes, government-imposed fees, and passthroughs authorized by statute or regulatory authority. An advertised price need not include one-time charges, such as charges for installation, or optional charges that are customer-specific, such as for optional rental equipment, premium channel upgrades, or charges for third-party services (such as streaming services or pay-per-view programming).
- 30. For all future Cox advertisements of its residential cable television or residential telephone services in Arizona, Cox shall disclose that such pricing is exclusive of government-imposed taxes, government-imposed fees, and passthroughs authorized by statute or regulatory authority to the extent that Cox excludes any or all of the same from its advertised pricing.
- 31. For sales of its residential cable television or residential telephone services, Cox shall accurately and in a clear and conspicuous manner disclose any and all material terms or conditions of its offers to Arizona consumers at the time of sale, including, but not limited to, the

following, where applicable:

- a. The monthly base price of the service(s) the consumer purchases, including any recurring monthly Cox-imposed fees or surcharges that the consumer will be charged in addition to the monthly base price;
- b. The amount of each one-time fee, or fee that Cox will charge only on the consumer's First Invoice, including, but not limited to, activation and installation fees and equipment purchases;
- c. Estimated taxes or that the quoted pricing does not include taxes;
- d. The time period(s) for which the quoted price(s) apply;
- e. Any increases to a customer's bill certain to take effect within 30 days of the time of sale;
- f. Any applicable Early Termination Fee;
- g. If applicable, that the consumer may be charged for failing to return any leased or rented equipment;
- h. The total recurring monthly cost of the service(s) starting in the month of service after the First Invoice.
- 32. Cox shall not impose any recurring, monthly pricing increases on residential customers in Term Agreements for cable television or telephone services if Cox advertised that the same Term Agreements would provide customers with locked, set, guaranteed, or other otherwise fixed monthly pricing, except to the extent that those pricing increases are a direct result of an increase in government-imposed taxes, government-imposed fees, or statutorily authorized passthroughs, or are the result of the expiration of a temporary promotional discount, or one-time charges (such as charges for installation, or optional charges that are customer-specific, such as for optional rental equipment, premium channel upgrades), or charges for third-party services (such as streaming services or pay-per-view programming).
- 33. Cox shall continue to refrain from charging any new Arizona customers a separate BSF, RSS, or CCRF surcharge without explicitly disclosing to customers that these additional fees will increase the ultimate price paid for Cox services.

- 34. To the extent Cox continues to charge customers on grandfathered plans BSF, RSS, or CCRF surcharges, it shall:
 - a. Separate the BSF, RSS, or CCRF surcharges from third-party imposed taxes, fees, and surcharges on all billing statements;
 - b. Circulate a notice to all residential customers on plans still including BSF, RSS, or CCRF surcharges that notifies these customers of their option to switch their service to current cable television or telephone packages that do not include the surcharges.
- 35. Cox shall ensure that its Product and Pricing Guide (a comprehensive listing of its current prices, including all Cox-created or Cox-imposed television surcharges and fees) is easily found and accessible to consumers on the Cox Communications, Inc. website, currently www.cox.com. Specifically, to promote awareness and easy access, Cox will include on billing statements an easy-to-read link to Product and Pricing Guides (by way of example, "www.cox.com/pricingguide").

PAYMENT TERMS

- 36. Defendants are jointly and severally liable and obligated to pay to the State the amount of \$10,000,000, to be deposited into the Consumer Protection-Consumer Fraud Revolving Fund, pursuant to A.R.S. § 44-1531.01, and used for the purposes set forth therein. No part of any payment shall be designated as a civil penalty, fine, and/or forfeiture. Defendants shall make the payment within 20 calendar days of the effective date of this Consent Decree, provided that Cox has received from the State all necessary wire instructions and related information necessary to transfer the payment.
- 37. Defendants are jointly and severally liable and obligated to offer payments/credits to Eligible Consumers in the total amount of \$3,042,494 ("Eligible Consumer Payment"). For purposes of this Consent Decree, "Eligible Consumers" shall be distinct Cox customers who signed up for Term Agreements between January 2017 and March 2021, and who paid Cox for BSF and/or RSS surcharges. Cox shall offer pro rata payments to Eligible Consumers.

1 2 Eligible Consumer Payment in the manner described in ¶ 39. Cox will include with any payments 3 or credit offered to Cox customers the following statement: "This payment (or, in the case of a 4 current customer, a "credit") is being provided as part of a settlement with the Arizona Attorney 5 General related to the Broadcast Surcharge Fee and the Regional Sports Surcharge. More information may be found at [insert link on AG page to Consent Decree]." For existing customers 6 7 receiving an account credit, this statement shall be included on the billing statement on which the 8 credit is applied. For former customers, this statement shall be included in the email or other

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39. Cox will distribute Eligible Consumer Payments as account credits to all customers who still have active Cox accounts at the time the credit is issued. Cox will make reasonable, good-faith efforts to locate all Eligible Consumers who do not have active Cox accounts and will distribute payments to Eligible Consumers without active Cox accounts in the form of electronic funds transfers.

written communication in which the payment offer is made to the former customer.

Within 240 days of the approval of this Consent Decree, Cox will distribute the

- 40. If, after making reasonable, good-faith attempts to offer payments to Eligible Consumers who do not have active Cox accounts, Cox has not issued payment of all \$3,042,494 of the Eligible Consumer Payment, Cox shall, on or before 300 calendar days of the effective date of this Consent Decree, provide the State a sworn statement describing the good-faith attempts made and transfer any unpaid amounts to the State, to be deposited by the Attorney General's Office into the Consumer Protection-Consumer Fraud Revolving Fund pursuant to A.R.S. § 44-1531.02(B), and used for the purposes specified in A.R.S. § 44-1531.01.
- 41. Cox agrees to provide the State with information, as reasonably requested, to monitor the distribution of the Eligible Consumer Payment. Within 300 days of the effective date of this Consent Judgment, Cox will provide data showing the total number of Eligible Consumers, the total number of Eligible Consumers who received account credits, and the total number of Eligible Consumers to whom payments were sent via electronic payment. Cox shall verify under oath all information provided to the State for the purposes of this paragraph.

42. The payments to the State required herein must be paid in the form of cashier's checks or money order made payable to "The State of Arizona," or by wire transfer according to instructions supplied by the State. Payment must be delivered, or mailed and postmarked, to:

Consumer Protection and Advocacy Section The Office of the Arizona Attorney General 2005 North Central Avenue Phoenix, Arizona 85004-1592

43. Although Defendants have agreed to offer payments to Eligible Consumers as described in this Consent Decree, Defendants deny that such payments constitute restitution for any unlawful practice pursuant to A.R.S. § 44-1528(A)(2).

MATERIAL BREACH

- 44. In the event of a material breach of this Consent Judgment, in addition to all other remedies available under Arizona law and the penalties specifically provided under A.R.S. § 44-1532, the State may, in its sole discretion, reopen proceedings and continue with this case as though this Consent Decree had not been entered, provided that Defendants will be entitled to an offset for any amount actually paid to the State or to any Eligible Consumer.
- 45. Before initiating any proceeding to enforce this Consent Decree or reopen proceedings, the State shall provide at least 60 calendar days written notice to Cox to provide it a reasonable opportunity to cure any alleged breach.

GENERAL PROVISIONS

46. This Consent Decree resolves any and all CFA claims concerning the charging of Cox-imposed fees for cable television services and telephone service, by the Attorney General's Office against Defendants or its agents that are known or should have been known to the Attorney General's Office based on its inquiries into Cox through Civil Investigative Demands dated March 5, 2021 through the effective date of this Consent Decree. The parties acknowledge by the execution hereof that this Consent Decree constitutes a complete settlement of the allegations contained in this Consent Decree, including the allegation that Defendants have not adequately disclosed in advertisements and other communications with residential customers the existence

1 or amount of Cox-created or Cox-imposed surcharges and fees, and the State agrees not to 2 3 4 5 6 7 8 9 10

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institute any civil action against the Defendants or their employees or agents for the alleged violations of the CFA described herein. Notwithstanding the foregoing, the State may: institute an action or proceeding to enforce the terms and provisions of this Consent Decree; take action based on future conduct by Defendants; take action based on past conduct unrelated to the allegations in this Consent Decree and unknown to the Attorney General's Office as of the date of the filing of this proposed Consent Decree; and/or institute an action or proceeding to prevent the discharge of any debt acquired through this Consent Decree. As of the date of the filing of this proposed Consent Decree, there are no ongoing or pending investigations into Cox or its agents pursuant to the CFA by the Attorney General's Office related to Cox-imposed fees for cable television services or telephone services.

- 47. Nothing in this Consent Decree will be construed as an approval by the Attorney General, the Court, the State of Arizona, or any agency thereof of Defendants' past, present, or future conduct. Defendants must not represent or imply that the Attorney General, the Court, the State of Arizona, or any agency thereof has approved or approves of any of Defendants' actions or any of Defendants' past, present or future business practices.
- 48. This Consent Decree represents the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Consent Decree which are not fully expressed herein or attached hereto.
- 49. If any portion of this Consent Decree is held invalid by operation of law, the remaining terms thereof will not be affected and will remain in full force and effect.
- 50. Jurisdiction is retained by this Court for the purpose of entertaining an application by the State for the enforcement of this Consent Decree.
- 51. This Consent Decree is the result of a compromise between the parties. Only the State, through its Attorney General, may seek enforcement of this Consent Decree. Nothing herein is intended to create a private right of action by other parties.
 - 52. This Consent Decree does not limit the rights of any private party to pursue any

1	remedies allowed by law.
2	53. The effective date of this Consent Decree is the date that it is entered by the Court.
3	54. This Consent Decree may be executed by the parties in counterparts and be
4	delivered by facsimile or electronic transmission, or a copy thereof, such constituting an original
5	counterpart hereof, all of which together will constitute one and the same document.
6	55. As no further matters remain pending, this Consent Decree shall be deemed a final
7	judgment entered pursuant to Ariz. R. Civ. P. 54(c).
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10	DATED this day of, 20
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14	THE HONORABLE BRIAN PALMER
15	JUDGE OF THE SUPERIOR COURT
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CONSENT TO JUDGMENT

- 1. Defendants acknowledge that they have waived service of the Summons and Complaint, have read the Consent Decree, and are aware of their right to a trial in this matter and have waived the same.
- 2. Defendants admit the jurisdiction of this Court and consent to the entry of the Consent Decree as a final judgment.
- 3. Defendants state that no promise of any kind or nature whatsoever was made to induce them to enter into this Consent Decree and declare that they have entered into this Consent Decree voluntarily.
- 4. This Consent Decree is entered as a result of a compromise between the parties. Only the State may seek enforcement of this Consent Decree. Nothing herein is intended to create a private right of action by other parties; however, this Consent Decree does not limit the rights of any private party to pursue any remedies allowed by law.
- 5. Defendants acknowledge that their acceptance of this Consent Decree is for the purpose of settling the ongoing investigation and consumer fraud lawsuit filed by the State, consistent with ¶ 46 of the Consent Decree, and further acknowledge that this Consent Decree does not preclude any agency or officer of this State or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate.
- 6. This Consent Decree may be executed in counterparts and be delivered by facsimile or electronic transmission, or a copy thereof, such constituting an original counterpart hereof, all of which together will constitute one and the same document.
- 7. Defendants represent and warrant that the person signing below on their behalf is duly appointed and authorized to do so.

$\begin{bmatrix} 1 \\ 2 \end{bmatrix}$	DATED this 15th day of Dece	mber, 2023.
		Cox Enterprises, Inc., Cox Communications Inc.
3		CoxCom, LLC, Cox Communications Arizona, LLC
4		and Cox Arizona Telcom, L.L.C.,
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6		
7) - (w) / 6
8		Signature: 17. 12 M. K. M.
9		Name: RALIH TERLEY M-BASOE
10		Title: ful! cfo
11		Date: 12 15 2023
12		
13	APPROVED AS TO FORM AND CO	ONTENT:
14	KRISTIN K. MAYES	Joseph Roth
15	Attorney General	Osborn Maledon, P.A.
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	By: Thath Whelst	9pl Bh
17	By: Nathan E. Whelihan	Joseph Roth Attorneys for Defendants
17 18 19	By: Nathan E. Whelihan Vince Rabago Alyse Meislik	Joseph Roth Attorneys for Defendants
17 18 19 20	By: Nathan E. Whelihan Vince Rabago Alyse Meislik Assistant Attorneys General	Attorneys for Defendants
17 18 19 20 21	By: Nathan E. Whelihan Vince Rabago Alyse Meislik	Attorneys for Defendants
17 18 19 20 21 22	By: Nathan E. Whelihan Vince Rabago Alyse Meislik Assistant Attorneys General	Attorneys for Defendants
17 18 19 20 21 22 23	By: Nathan E. Whelihan Vince Rabago Alyse Meislik Assistant Attorneys General	Attorneys for Defendants
17 18 19 20 21 22	By: Nathan E. Whelihan Vince Rabago Alyse Meislik Assistant Attorneys General	Attorneys for Defendants

eSignature Page 1 of 1

Filing ID: 17117462 Case Number: CV2023-019752 Original Filing ID: 17064305

Granted as Submitted



ENDORSEMENT PAGE

CASE NUMBER: CV2023-019752

E-FILING ID #: 17117462

SIGNATURE DATE: 1/2/2024

FILED DATE: 1/3/2024 8:00:00 AM

JOSEPH N ROTH

NATHAN WHELIHAN