

FILED

IN THE CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE  
FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

2009 NOV 16 AM 9:04

RICHARD A. BOGNER, CLERK

STATE OF TENNESSEE, *ex rel.* )  
 ROBERT E. COOPER, JR., ATTORNEY )  
 GENERAL AND REPORTER, )  
 )  
 Petitioner, )  
 )  
 v. )  
 )  
 VONAGE HOLDINGS CORP., a Delaware )  
 corporation headquartered in New Jersey, )  
 )  
 Respondent. )

 D.C.

No. \_\_\_\_\_

**PETITION**

The State of Tennessee, by and through Robert E. Cooper, Jr., the Attorney General and Reporter, (hereinafter "Attorney General"), at the request of Mary Clement, the Director of the Division of Consumer Affairs of the Department of Commerce and Insurance, (hereinafter "Division") (collectively referred to as "State" or "State of Tennessee") files this Petition pursuant to Tenn. Code Ann. § 47-18-107 of the Tennessee Consumer Protection Act of 1977 (hereinafter "the Act"), and respectfully shows the Court as follows:

1. The Division and the Attorney General, acting pursuant to the Act, have investigated certain acts and practices of Vonage Holdings Corp. (hereinafter, "Respondent"). Upon completion of such multistate investigation, the Division has determined that certain of Respondent's acts and practices, more specifically described in Paragraph 2 of this Petition,

constitute unfair and deceptive acts or practices affecting the conduct of trade or commerce in the State of Tennessee in violation of Tenn. Code Ann. § 47-18-104(a), and further that such acts and practices constitute violations of Tenn. Code Ann. § 47-18-104.

2. Based upon the investigation of Respondent, upon information and belief, the State of Tennessee alleges that Vonage has engaged in the following acts or practices:

a. Failing to clearly and conspicuously disclose in advertisements for the offer and sale of goods and services all material terms and conditions including, without limitation:

- (i) That consumers may be required to purchase other equipment in order to utilize "free" service;
- (ii) That consumers may be required to agree to certain terms and conditions in order to receive "free" service;
- (iii) That consumers who cancel the service within a free trial period must pay the cost of shipping the equipment back to VONAGE;
- (iv) That consumers may be unable to immediately use the service with their old phone number within a free trial period because porting of the consumer's telephone number to VONAGE may take up to ten (10) days or longer;
- (v) That consumers may be unable to immediately use significant aspects of the service within a trial period because consumers must wait for the device to be mailed to them which can take up to eight (8) days to receive;

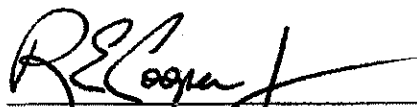
- (vi) That there are limitations on the time period and minutes that consumers may use during the "Money Back Guarantee;"
  - (vii) That there are certain fees and charges that will not be refunded upon cancellation within the "Money Back Guarantee" period;
  - (viii) That consumers will be charged a rebate recovery fee or a fee representing the regular price of any discounted goods or services if they cancel prior to the expiration of their service term; and
  - (ix) That consumers must have high speed internet to utilize VONAGE service.
- b. Representing to consumers that it will take seven (7) to ten (10) business days to port their telephone number to VONAGE when, in truth and in fact, it will sometimes take well over the seven (7) to ten (10) business days as represented by VONAGE.
  - c. Representing to consumers that they have the option to cancel their service with VONAGE but failing to timely accept or affect the cancellation requests, resulting in consumers having difficulty in cancelling their VONAGE service.
  - d. Failing to properly ensure that all requests for consumer cancellations have been honored, which resulted in consumers who believed that they canceled service discovering that they were considered "saved" by VONAGE after they continued to receive a monthly bill or had funds deducted from their bank accounts.
  - e. Respondent's conduct constitutes unfair and deceptive acts or practices. Attached as Exhibit A are examples of advertisements regarding VONAGE'S services.

3. Respondent denies the allegations of Paragraph 2.
4. Upon completion of its investigation, the Division requested that the Attorney General negotiate, and if possible accept, an Assurance of Voluntary Compliance in accordance with the provisions set forth in Tenn. Code Ann. § 47-18-107.
5. The parties have agreed to, and the Division has approved, an Assurance of Voluntary Compliance.
6. In accordance with the provisions of Tenn. Code Ann. § 47-18-107(c), the execution, delivery and filing of the Assurance does not constitute an admission of prior violation of the Act.
7. The Division, the Attorney General, and the Respondent have jointly agreed to the Assurance of Voluntary Compliance and join in its filing.

PREMISES CONSIDERED, the Petition, the State of Tennessee prays that:

1. This Petition be filed without cost bond pursuant to the provisions of Tenn. Code Ann. §§ 20-13-101 and 47-18-116.
2. The Assurance of Voluntary Compliance be approved and filed in accordance with the provisions of the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. § 47-18-101 *et seq.*

Respectfully submitted,



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ROBERT E. COOPER, JR.  
Attorney General and Reporter  
B.P.R. No. 010934

*Jeff Hill as/permission by  
Brent Howell  
024470*

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I hereby certify that this is a true copy  
of original instrument filed in my office  
this 16 day of Nov 2009  
By [Signature]  
RICHARD F. FOOKER Clerk  
Deputy Clerk



**UNLIMITED Local & Long Distance Calling**

**\$24.99**  
**Per Month†**

**Get UNLIMITED Local & Long Distance Calling for only \$24.99/mo†!**

**SAY NO TO HIGHER PHONE BILLS!**

- Our price **STARTS LOW AND STAYS LOW™**. Satisfaction Guaranteed!†
- No bundles, no hassles, no introductory pricing—just reliable phone service at a reliable price!

**EASY TO SWITCH, EASY TO SAVE**

- Keep your existing phone number\*.
- Vonage® works with your existing home phone and high-speed Internet connection.
- 25 Premium Features at no extra cost.
- Free calls to 5 select European countries and call other International locations for as low as 1 cent per minute!†

**SPECIAL OFFER**

**TRY ONE MONTH FREE!**

See Details Below

**Call: 1.800.614.5506**

FREE MONTH OFFER ON \$24.99 UNLIMITED RESIDENTIAL PLAN ONLY. PLAN FEE WAIVED BUT ALL OTHER CHARGES APPLY. NEW SUBSCRIBERS ONLY. \*Free Calls to Europe Offer (Available Only with Unlimited Residential Plan) Does Not Apply To Certain Call Types, Such As Calls to Cell Phones, and is Limited to Italy, France, Spain, UK and Ireland. Other International Rates May Vary. See <http://vonage.com/intrates> for Details. Vonage 911 service operates differently than traditional 911. See [www.vonage.com/911](http://www.vonage.com/911) for details. High-Speed Internet or Broadband Required. Alarms and other systems may not be compatible. † Rates exclude: broadband service, regulatory and activation fees and certain other charges, equipment, taxes, & shipping. International calls billed per minute. Offer valid in the US only. See Terms of Service for details. ‡ 30-day money back guarantee is refunded for any paid activation fee, 1st month service charge, initial shipping charges and termination fee. Applicable only to first ordered line per account. Available only in the event of timely cancellation for subscribers who have not exceeded 500 minutes of usage and who obtain a valid return authorization number from 1-VONAGE-HELP, and return of equipment in original condition and packaging within 14 days of cancellation. Refund will not include charges for taxes, international usage, payphone calls to Vonage toll free numbers and directory assistance. Offer revocable. ^ Where available. The number transfer process takes approximately 10 business days from the time you confirm your transfer request. ©2008 Vonage.

**Vonage** UNLIMITED Local & Long Distance Calling

**\$24.99**  
Per Month†

Get UNLIMITED Local & Long Distance Calling for only \$24.99/mo†!

**SAY NO TO HIGHER PHONE BILLS!**

- Our price STARTS LOW AND STAYS LOW™. Satisfaction Guaranteed!
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- Keep your existing phone number\*
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