



Department  
of Public Service

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## **Department of Public Service Condemns Spectrum for False Advertising**

***State Regulator Tells Charter CEO Rutledge to Immediately Stop Making False Claims that the Company is Meeting State Obligations***

***Concerns Over Charter's Conduct Referred to Attorney General and SEC for Appropriate Actions***

***Regulator Demands Records in Advance of Possible Penalty Action for Misstatements***

**ALBANY** — The New York State Department of Public Service (Department) today sent a letter to Charter CEO Thomas Rutledge condemning the company's false advertising and misleading of New York consumers. The letter demands that the cable company, doing business in New York as Spectrum, immediately cease and desist from making certain continued false advertisements and publications about its compliance with its obligations to New York State and its efforts to provide New Yorkers with critical broadband access. These misrepresentations, coupled with Spectrum's overall pattern of unacceptable conduct in New York, call into question the continued viability of Spectrum as a regulated telephone/cable company in the state.

"The situation regarding Charter/Spectrum is getting more serious with each passing day," **Department CEO John B. Rhodes said.** "Not only has the company failed to meet its obligations to build out its cable system as required, it is now making patently false and misleading claims to consumers that it has met those obligations without in any way acknowledging the findings of the Public Service Commission to the contrary. Access to broadband is essential for economic development and social equity. Charter/Spectrum's intentional deception of New Yorkers must end now."

In its letter to CEO Rutledge, the Department said the company knows full well that it is not meeting its commitment to expand the company's broadband network in New York to "pass" additional unserved and underserved residences and businesses. Nevertheless, Spectrum continues to assert in advertisements and publications that it has complied with — and even exceeded — its commitment to New York. These representations are demonstrably and materially false.

Indeed, it is not the first time Spectrum has engaged in false advertising. Late last week, the Appellate Division, First Department allowed to move forward a claim by the New York Attorney General that Spectrum has engaged in systematic false advertising about the speed of its internet

service. Spectrum's conduct raises significant concerns for the company's customers, shareholders, and New Yorkers in underserved areas that Spectrum has blatantly disregarded.

The Department's letter directs Spectrum to stop deceptive advertising. In addition, the Department said it was referring the matter to the Attorney General of the State of New York for further action in light of Spectrum's misrepresentations to New Yorkers and to the United States Securities and Exchange Commission in light of the company's failure to provide appropriate disclosure to its investors and the market about its failings to honor its commitments to New York and the possibility that the approval of its acquisition of Time Warner may be revoked. In advance of a possible penalty action by the Commission against the company directly, the Department further demanded that Spectrum produce records regarding its false representations and preserve all documents, including email, text messages, voice mail, recordings, and other documentation relating to its advertising claims.

According to a Department investigation and a Public Service Commission order, Spectrum missed its required December 16, 2017 build-out commitment to extend its network to pass additional residences and businesses by 12,245 passings. Spectrum also failed to cure, as required, its earlier failure by March 16, 2018. For these two failures, Spectrum was ordered by the Public Service Commission to forfeit \$2 million. These failures came on top of earlier failures by Spectrum to meet its commitments. Indeed, Spectrum has not met a single build-out deadline since the approval of its acquisition of Time Warner Cable in 2016.

The Department stated that, instead of working to meet its commitment to New York, Spectrum has ignored the State's interests and knowingly continued to advertise and publish knowingly false claims that the company is exceeding its mid-December 2017 commitment made to New York by more than 6,000 locations and is on track to extend the reach of advanced broadband network to 145,000 unserved or underserved locations by May 2020. Both claims are patently false.

Spectrum's failure to meet its build-out commitments hurts unserved and underserved New Yorkers, leaving them without a key public utility service crucial to their future success and well-being. Spectrum's publication of claims that it knows are false harm all consumers who rely on honest and accurate information in choosing suppliers from among competitors. And when Spectrum continues to advertise and publish false claims even after being directed not to by its governmental regulator, it demonstrates deliberate disregard and lack of respect for the Public Service Commission, the rule of law, and regulation in New York State. Accordingly, in the name of customers and potential customers, the Department called on Spectrum to set the record straight by advertising and publishing the truth that the company has been found by the Public Service Commission to have failed to keep its buildout commitment to New York State.

New York's goal has been to have 100 percent broadband coverage by the end of the year, which included a commitment by Charter/Spectrum to provide broadband coverage to a specified number of homes. By its actions, Charter has not only violated its regulatory obligations to the State, it has deceived and continues to deceive the public.

Today's letter may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 15-M-0388 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.