



# Council Tree Communications, Inc.

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February 22, 2007

BY ELECTRONIC FILING  
Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room TW-B204  
Washington, DC 20554

Re: Oral *Ex Parte* Presentation

WT Docket No. 05-211

Dear Ms. Dortch:

Council Tree Communications, Inc. ("Council Tree") hereby gives notice of an oral *ex parte* presentation in the referenced proceeding.

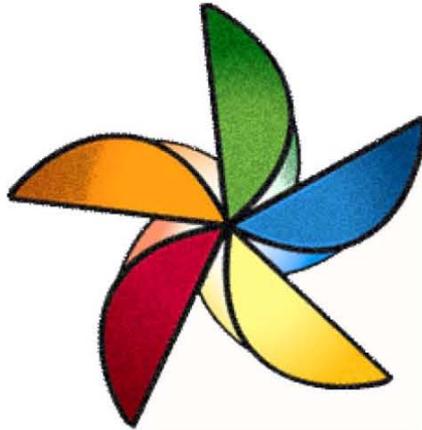
The presentation was made by Mitch Rose and me to Commissioner Copps and John Branscome in the office of Commissioner Copps.

One copy of this letter is being submitted electronically pursuant to Section 1.1206(b)(2) of the Commission's Rules.

Sincerely,

*/s/ George T. Laub*

George T. Laub



**MOSAIC**  
PARTNERS

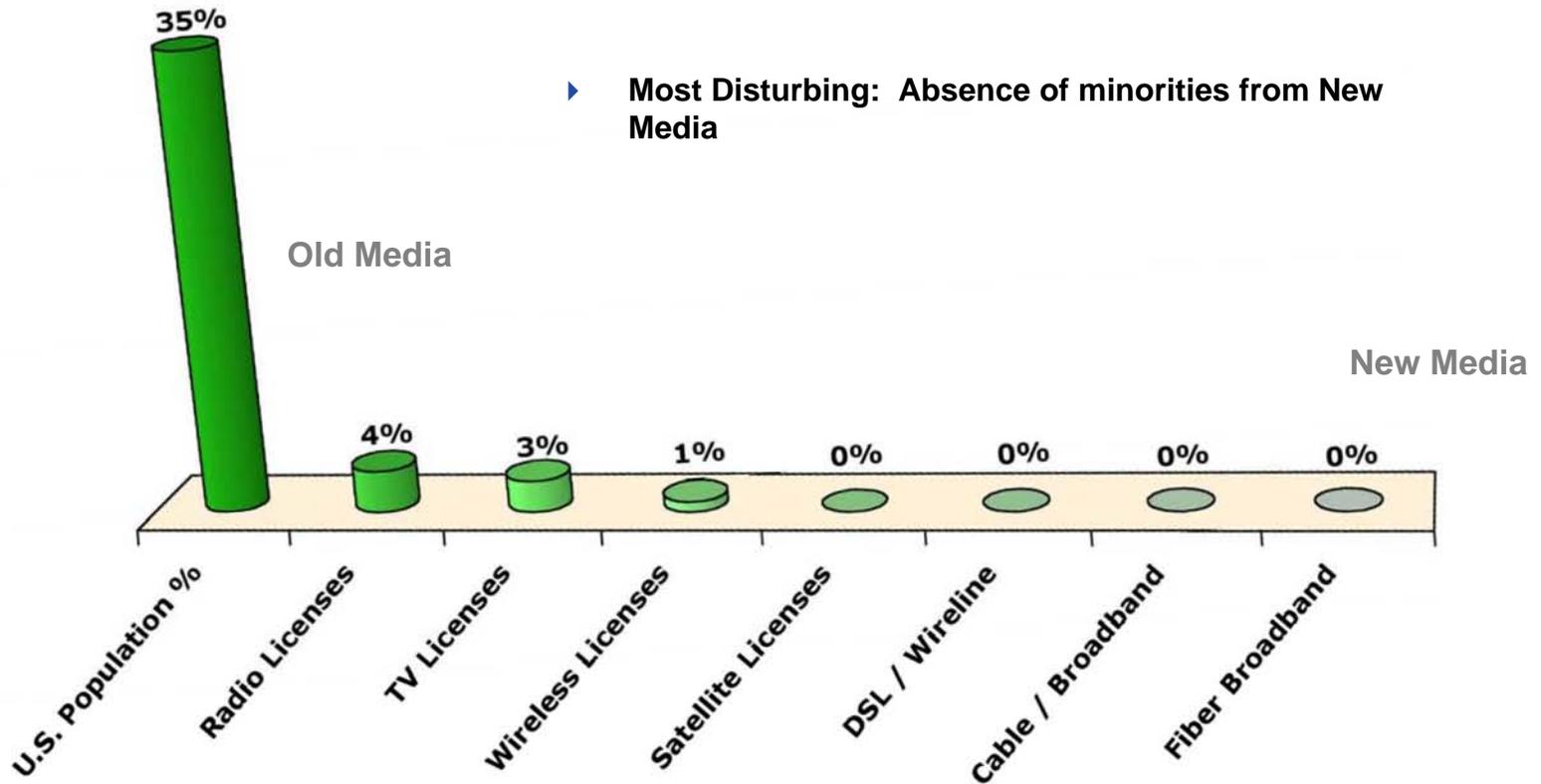
## **Diversity Coalition Initiative**

**February 21, 2007**

# Disparity in Minority Population v. Minority License Ownership

## Minorities are dramatically under-represented among FCC Licensees

- ▶ **Most Dramatic:** Absence in major urban markets where minorities are often 50+% of the population
- ▶ **Most Disturbing:** Absence of minorities from New Media



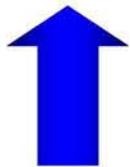
Sources: Government and Private Studies

Mosaic Partners



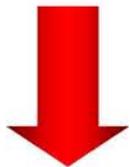
# Under-Representation Is Getting Worse, Quickly

Soaring minority population and plunging diversity initiatives exacerbate the diversity problem



**Minority  
Population**

- ▶ **The U.S. minority population is growing dramatically**
  - 35% today
  - 45% projected in the span of just two White House terms
  - Represents more than one out of every two new voters



**Diversity  
Initiatives**

- ▶ **Once vibrant FCC diversity initiatives are now disabled**
  - Tax Certificate Program – eliminated in 1994
  - Designated Entity (DE) Program – essentially eliminated with '06 FCC rules
  - Ongoing Media Consolidation – and no new diversity measures



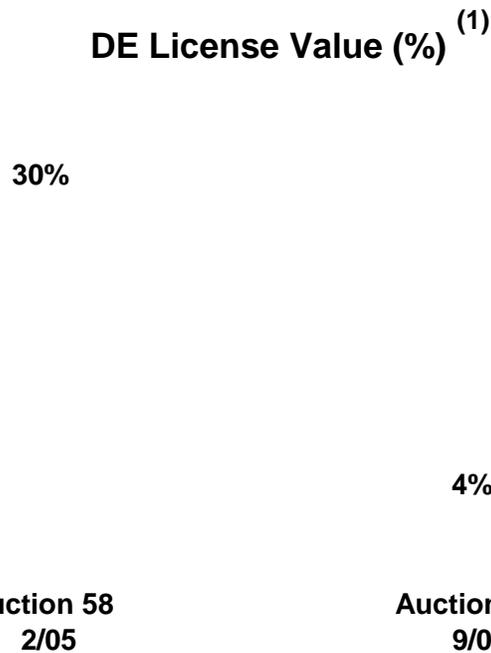
**Minority  
Participation**

- ▶ **Without substantial and effective efforts, the minority population will be increasingly under-represented in the ownership of communications licenses**

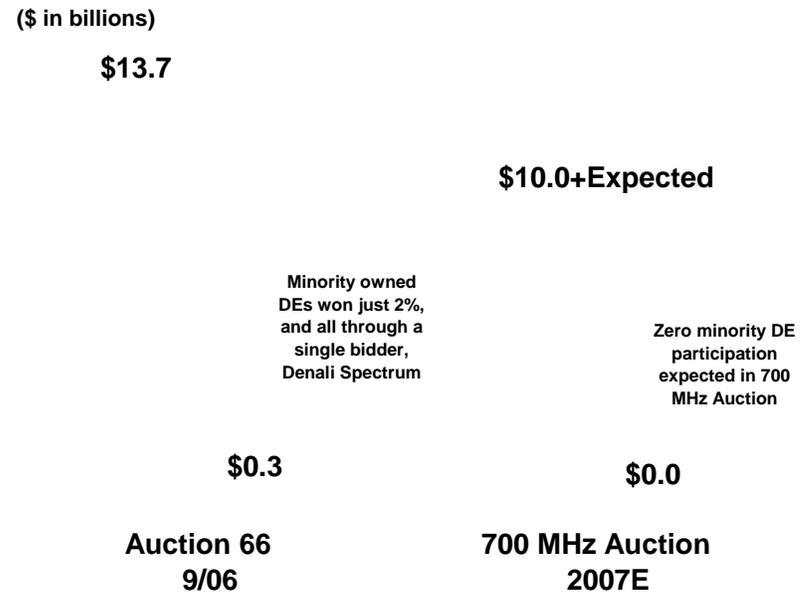


# Demise of DE / Minority Participation in FCC Wireless Auctions

## DE Participation in Auction 66 Fell to Near Zero



## Minority DEs Expected to be Zero Going Forward

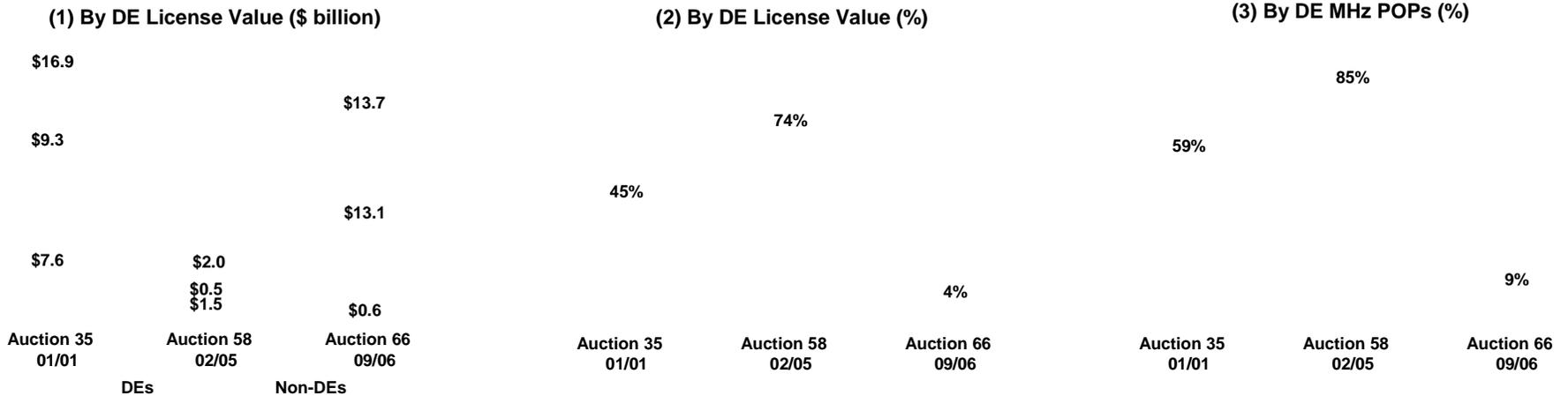


- ▶ In the \$13.7 billion Auction 66, just 5 DEs won more than \$10 million of licenses – and 52 other DEs, mostly rural telcos, won even less

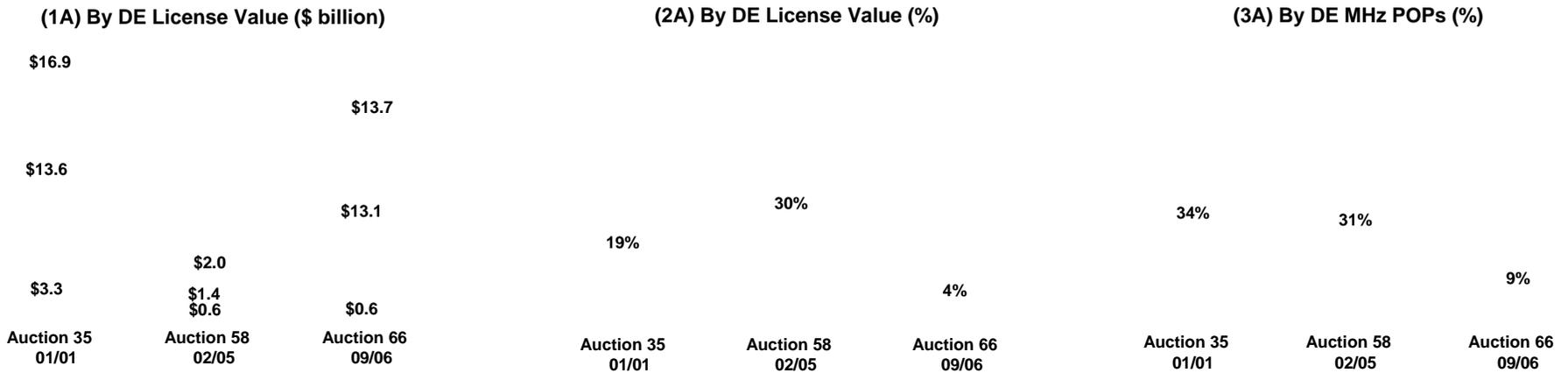
(1) Adjusted to remove the effect of DEs partnered with national carriers. Specifically, for DEs partnered with national carriers (e.g., Verizon, Cingular, Sprint, AT&T Wireless and T-Mobile), such DE licenses overlapping with national carrier licenses are removed from consideration in DE calculations.

# Demise of DE / Minority Participation (cont'd)

## ACTUAL AUCTION RESULTS



## ADJUSTED (To Remove DEs with National Carrier Partner Overlap) <sup>(1)</sup>



(1) Adjusted to remove the effect of DEs partnered with national carriers. Specifically, for DEs partnered with national carriers (e.g., Verizon, Cingular, Sprint, AT&T Wireless and T-Mobile), such DE licenses overlapping with national carrier licenses are removed from consideration in DE calculations.

## Demise of DE / Minority Participation (cont'd)

**Auction 66 DE participation was relegated to very small scale undertakings, reflecting DEs inability to raise any meaningful capital under the new DE rules**

### **Auction 66 Winning DE Bidders**

	<b>No. of DEs</b>
Net Winning Bids	
>\$100 million	2
\$10 - \$100 million	3
\$1 - 10 million	20
<= \$1million	32
<b>Total</b>	<b>57</b>

### **Auction 66 Winning DE Bidders**

	<b>No. of DEs</b>
>\$10 million	5
<\$10 million	52
<b>Total</b>	<b>57</b>

- ▶ **No meaningful DE participation in the valuable urban / suburban markets**
- ▶ **DEs in total acquired just \$551 million, or 4% of the \$13.7 billion auction**

# A Revitalized DE Program Will Make a Difference

Robust diversity coalitions are forming with aspirations to participate in the \$10+ billion 700 MHz auction – *if* the DE program is revitalized

- ▶ Properly reformed, the DE Program can meet these goals:
  - ✓ **Enhance Diversity**
    - The interest and capital is there and can either be encouraged and empowered by reform, or discouraged by inaction
  - ✓ **Enhance Federal Revenues**
    - The simple, proven equation is that more bidders = more revenue
    - More DE participation = more bidders
  - ✓ **Enhance Competition**
    - Empowering competition vs. encouraging a wireless oligopoly
  - ✓ **Prevent Abuse**
    - FCC vigilance to prevent a “Gabelli Fraud”, while also encouraging DEs

# Mosaic Partners: A Diversity Consortium

**Mosaic Partners' mission is to build a sizable new communications company through the leadership and capital of our minority partners**

- ▶ **Historic partnership of leading investor groups:**
  - African-American
  - Hispanic
  - Native American
  
- ▶ **Has the key ingredients for success**
  - Strong communications experience
  - Very sizable capital base
  
- ▶ **Forging a trail for others to follow**
  - In addressing the glaring demographic disparity in FCC licenses

## Appendix: DE Success Stories



**Pocket Communications**  
[www.pocket.com](http://www.pocket.com)

- **Auction Markets:** As a Designated Entity, won 6 licenses in Auction 58 in 2005
  - San Antonio TX, McAllen TX, Brownsville TX, Providence RI, New London CT
- **Operations:** Launched San Antonio in early 2006 with unlimited plan for \$28 / month in the local service area
- **Key Successes:** Providing a service offering tailored to underserved minority segments
  - National carriers do not / will not offer this kind of plan
  - Embraced by Hispanic, African-American and other underserved segments of the minority market



[www.eezinet.com](http://www.eezinet.com)

- **Auction Markets:** As a Designated Entity, won 6 licenses Auction 58 in 2005
  - Greenwood SC, Oklahoma City OK, Bend OR , Grand Island and Scottsbluff NE, Boise ID
- **Operations:** Still in development stage
- **Key Successes:** A minority-owned telecom firm, one of the very few making inroads in recent auctions



[www.kiwipcs.com](http://www.kiwipcs.com)

- **Auction Markets:** As a Designated Entity, won 8 licenses in Auctions 11 and 22 in 1997 and 1999
  - North Carolina markets – Wilmington, Raleigh, Cary, Durham, Chapel Hill and others
- **Operations:** Has deployed a simple unlimited plan for \$24.99 in the local calling area
- **Key Successes:** Benefiting underserved minority segments with services incumbents do not offer



[www.mobipcs.com](http://www.mobipcs.com)

- **Auction Markets:** As a Designated Entity, won Honolulu PCS license in Auction 22 in 1999
- **Operations:** Has deployed an unlimited service plan for \$46 in the local calling area
- **Key Successes:** Benefiting underserved minority segments with services incumbents do not offer



[www.clear-talk.net](http://www.clear-talk.net)

- **Auction Markets:** As a Designated Entity, won 9 licenses Auction 22 in 1999
  - 2<sup>nd</sup> tier / rural markets including Dyersburg TN, Idaho Falls ID, Jackson TN, Pocatello ID and others
- **Operations:** Has deployed \$29.95 unlimited service plan in the local calling area
- **Key Successes:** Benefiting small, underserved rural and urban markets with services incumbents do not offer



**Mosaic Partners**

## Appendix: DE Success Stories (cont'd)



- **Auction Markets:** Originally as a Designated Entity in 1996 won 14 licenses covering population of 18 million
- **Operations:** Has deployed \$45 unlimited plan in Southern Florida (Miami), Northern California (San Francisco)
  - 2.2 million subscribers
- **Key Successes:** Today a \$5+ billion (soon to be public) company competing directly with the national carriers
  - One of the industry pioneers in providing an innovative service offering to underserved minority segments



- **Auction Markets:** Originally as a Designated Entity in 1999 won 22 licenses covering a population of 11 million
- **Operations:** Has deployed \$45 unlimited plan in 50 mid- and larger-size markets in the U.S.
  - Over 2 million subscribers today with an operating footprint covering 46 million people
- **Key Successes:** Today a \$5+ billion public company competing directly with national carriers
  - One of the industry pioneers in providing an innovative service offering to underserved minority segments



Cook Inlet Region, Inc.

- **Auction Markets:** Acquired licenses in Auctions 5, 11 and 22 in the 1990s as a Designated Entity
  - Licenses covered a population of over 100 million, including Chicago, Dallas, Seattle, Phoenix and others
- **Operations:** Built out markets in partnership with then small wireless carrier, Western Wireless
  - Transformed into VoiceStream, the newest national wireless carrier, later sold to T-Mobile in 2001
- **Key Successes:** The first DE to become a national wireless carrier
  - T-Mobile, the 4<sup>th</sup> largest wireless carrier in the U.S. today, would not exist without Cook Inlet



- **Auction Markets:** As a Designated Entity in 1997 won 8 licenses covering a population of 12 million
- **Operations:** Built out state-of-the-art wireless PCS networks, competing with incumbent cellular carriers
  - Networks eventually covered a population of 37 million in 16 states, largely in the southeast region
  - Adopted the AT&T Wireless brand name through affiliation agreement
- **Key Successes:** TeleCorp became a highly successful regional carrier before its sale to AT&T Wireless in 2001



- **Auction Markets:** As a Designated Entity in 1997 won 35 licenses covering a population of 10 million
  - South-central U.S. markets including Birmingham, Mobile, Chattanooga, Nashville and Knoxville
- **Operations:** Built out state-of-the-art PCS wireless networks, competing with incumbent cellular carriers
  - Networks eventually covered a population of 14 million
  - Adopted the AT&T Wireless brand name through affiliation agreement
- **Key Successes:** Tritel became a highly successful regional carrier before its sale to TeleCorp in 2000

