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Via ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: MB Docket No. 07-57

Dear Ms. Dortch:

On September 19, 2007, an ex parte meeting was held with Amy Blankenship, Legal Advisor to Commissioner Tate concerning issues, identified hereinafter, raised by the pending consolidated application of XM Satellite Radio, Inc. and Sirius Satellite Radio, Inc. ("Applicants") for approval to transfer control of licenses and to merge the two companies into a single satellite radio network. The consolidated application is being considered in Media Bureau Docket No. 07-57.

The meeting was attended by the following representatives of U.S. Electronics, Inc., New York, New York ("USE"): Messrs. Andrew Lowinger, President and CEO and Bill Acevedo, Operations Manager, B. Jay Cooper, Deputy Managing Director, Washington, D.C. Office, APCO Worldwide, Inc. and Taj Meadows, Associate, APCO Worldwide, Inc., Washington, D.C. and the undersigned, Senior Partner, Helein & Marashlian, LLC, McLean, Virginia, communications counsel to USE.

In the meeting, Mr. Lowinger provided additional information on the issues USE raised in its Comments filed in the Docket on August 10 and in its Reply Comments filed August 24, 2007. Mr. Lowinger's information is based on his and his company's first-hand experience with the current impact of the Applicants' (as duopolists) sole sourcing practices on the supply of satellite radio receivers and how that impact would be extended after the merger should the Commission grant the consolidated application.

Relying on his years experience in the design, development, and distribution of network communications devices and the manufacturing process that produces such devices, Mr. Lowinger pointed out that controlling the supply of network access devices through sole sourcing dictated by the network operator will harm consumers and competition.

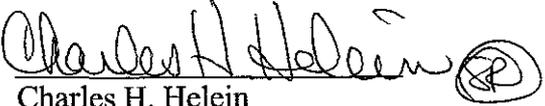
It was emphasized that the move to control the supply and distribution network by the Applicants as duopolists is already taking place or well on its way there with adverse effects presently being imposed on the public interest. This adverse impact will only become more serious if the merger is approved without conditions imposed.

Concern was also expressed that the public interests at stake in the context of sole sourcing is one that has not been at the center of the debate over the effects of the merger. The debate thus far has centered on the issues raised by the horizontal integration arising from the merger, overlooking perhaps the more important question of the vertical integration that would result from the merger unless properly considered and dealt with by the Commission.

It was made clear that USE was raising its concerns irrespective of how the Commission ultimately rules on the merger. Whether the Commission decides to approve or deny the merger, the point was made that there is a need for conditions or regulatory requirements that eliminate the present and protect against the future harms that sole sourcing dictated by the network operator cause. Here, reference was made to the need to apply the open access policies of the Commission, established 50 years ago, in the *Hush-a-Phone* and *Carterfone* decisions and not long thereafter codified in Part 68 of the Commission's rules and most recently reaffirmed by the Commission as to wireless networks and cable set top converters. Specific conditions were not proposed in the meeting, but that USE would follow up with a written submission setting forth preliminary conditions for consideration.

Pursuant to Section 1.1206 of the Commission's Rules, this letter is submitted via ECFS for inclusion in the public record of these proceedings, with email copies to those listed below.

Respectfully submitted,

By: 
Charles H. Helein
Counsel for U.S. Electronics, Inc.

cc (via email):

Hon. Deborah Taylor Tate, Commissioner (deborah.tate@fcc.gov)

Amy Blankenship, Legal Advisor, Office of Commissioner Tate (amy.blankenship@fcc.gov)