Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth St., SW
Washington, DC 20554

July 14, 2009

Re: WR Docket No. 09-104

Dear Ms. Dortch:

On July 13, 2009, Vicki Iseman and Tatanya Szeliga met with Paul Murray of the Wireless Telecommunications Bureau to discuss the Verizon Wireless/Alltel merger.

In this meeting, we discussed our nation's continuing trend towards media consolidation and the lack of business opportunities for small, independent, economically disadvantaged, minority and women-owned businesses. In addition, we provided FCC staff with written materials, a copy of which are attached to this letter.

Pursuant to Section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), a copy of this letter is being filed electronically today. If you have any questions, do not hesitate to contact me at (703) 841-0626.

Sincerely,

Vicki Iseman, Partner

Congress of the United States
Washington, DC 20515
May 20, 2009

The Honorable Michael Copps
Acting Chairman
Federal Communications Commission
445 12th Street SW, Room 8-B115
Washington, DC 20554

Dear Chairman Copps:

As members of the Congressional Black Caucus, we have been closely monitoring the presence of small, independent, economically disadvantaged, minority and women-owned businesses in the telecommunications industry. In this regard, the recent Verizon Wireless/Alltel merger serves as another example of our nation's continuing trend towards media consolidation and the resulting process of divesting assets to comply with the antitrust and ownership requirements on which the FCC and DOJ conditioned the approval of the $28.1 billion merger has left opportunities for small businesses unrealized. We are disappointed that the merged companies have not sought to include small business bidders as they divest over $2 billion of overlapping properties. It is our understanding that media behemoth AT&T has emerged as a primary contender for over $1 billion of identified assets and that small, independent, economically disadvantaged, minority and women-owned businesses have not received due consideration in this process. Given that the FCC has authority under Section 310(d) of the Communications Act to determine when a merger is in the "public interest, convenience and necessity," the FCC should condition any divestiture approvals on Verizon's showing that it has sought bids from the aforementioned groups. Proceeding with divestitures that only shuffle assets among large media companies is inconsistent with the FCC's public interest mandate.

Prior to the current financial crisis, small, independent, economically disadvantaged, minority and women-owned businesses were already experiencing unique challenges in securing ownership opportunities in the telecommunications industry. The current environment has only exacerbated the situation. Transferring over $1 billion of the required divestiture assets to AT&T, the second largest wireless carrier, from Verizon, the largest wireless carrier, only redistributes valuable assets from one large industry titan to another, harming consumers and competition while continuing to raise the bar to prohibit new entrants from entering this market. Therefore, we strongly urge the FCC and Department of Justice to encourage Verizon to open good faith negotiations with small business owners prior to migrating all or most of these valuable assets from one behemoth company to another resulting in further diminishment of opportunities for small business owners in our country. The divestiture of these properties by Verizon offers a tremendous opening to increase the public interest goals of diversity of ownership in the telecommunications industry while supporting small businesses in an economic environment that finds opportunities substantially reduced.

While Congress and federal agencies may need to review impediments to market entry barriers for small, minority, women owned and independent businesses, we must continue to promote private industry outreach as it would illustrate an understanding and appreciation by large businesses of the concerns of Congress and the American public.

Thank you for your time and consideration. We look forward to your response.

Sincerely,

Member of Congress	Member of Congress
Member of Congress	Member of Congress
Member of Congress	Member of Congress
Member of Congress	Member of Congress
Member of Congress	Member of Congress
Member of Congress	Member of Congress
Member of Congress	Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

CC: Commissioner Jonathan Adelstein, Federal Communications Commission
Commissioner Robert McDowell, Federal Communications Commission

Congress of the United States
Washington, DC 20515

May 20, 2009

The Honorable Eric Holder, Jr.
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Dear Attorney General Holder:

As members of the Congressional Black Caucus, we have been closely monitoring the presence of small, independent, economically disadvantaged, minority and women-owned businesses in the telecommunications industry. In this regard, the recent Verizon Wireless/Alltel merger serves as another example of our nation's continuing trend towards media consolidation and the resulting process of divesting assets to comply with the antitrust and ownership requirements on which the FCC and DOJ conditioned the approval of the $28.1 billion merger has left opportunities for small businesses unrealized. We are disappointed that the merged companies have not sought to include small business bidders as they divest over $2 billion of overlapping properties. It is our understanding that media behemoth AT&T has emerged as a primary contender for over $1 billion of identified assets and that small, independent, economically disadvantaged, minority and women-owned businesses have not received due consideration in this process. Given that the FCC has authority under Section 310(d) of the Communications Act to determine when a merger is in the "public interest, convenience and necessity," the FCC should condition any divestiture approvals on Verizon's showing that it has sought bids from the aforementioned groups. Proceeding with divestitures that only shuffle assets among large media companies is inconsistent with the FCC's public interest mandate.

Prior to the current financial crisis, small, independent, economically disadvantaged, minority and women-owned businesses were already experiencing unique challenges in securing ownership opportunities in the telecommunications industry. The current environment has only exacerbated the situation. Transferring over $1 billion of the required divestiture assets to AT&T, the second largest wireless carrier, from Verizon, the largest wireless carrier, only redistributes valuable assets from one large industry titan to another, harming consumers and competition while continuing to raise the bar to prohibit new entrants from entering this market. Therefore, we strongly urge the FCC and Department of Justice to encourage Verizon to open good faith negotiations with small business owners prior to migrating all or most of these valuable assets from one behemoth company to another resulting in further diminishment of opportunities for small business owners in our country. The divestiture of these properties by Verizon offers a tremendous opening to increase the public interest goals of diversity of ownership in the telecommunications industry while supporting small businesses in an economic environment that finds opportunities substantially reduced.

While Congress and federal agencies may need to review impediments to market entry barriers for small, minority, women owned and independent businesses, we must continue to promote private industry outreach as it would illustrate an understanding and appreciation by large businesses of the concerns of Congress and the American public.

Thank you for your time and consideration. We look forward to your response.

Sincerely,

Corrine Brown
Member of Congress

Donald Payne
Member of Congress

Member of Congress

Marcia L. Fudge
Member of Congress

Diane E. Watson
Member of Congress

Member of Congress

John Lewis
Member of Congress

Keith Ellison MN-5
Member of Congress

Danny K. Davis
Member of Congress

Member of Congress

David Scott
Member of Congress

Elijah E. Cummings
Member of Congress

Eddie Bernice Johnson
Member of Congress

Chaka Fattah
Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

Member of Congress

CC: Ms. Christine Varney, Assistant Attorney General, Antitrust Division, U.S. Department of Justice

CHARLES B. RANGEL
16TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION
CHAIRMAN

GEORGE A. DALLEY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

October 29, 2008

The Honorable Kevin Martin
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Mr. Chairman:

The Federal Communications Commission has before it the proposed merger of Verizon-Alltel that is estimated to be valued at $30 billion and is scheduled to be voted upon at the FCC's November 4, 2008 Public Meeting. I have been monitoring consolidation in the telecommunications industries for some time, having written to the FCC in the past to encourage public policy that preserves and enhances diversity in ownership, management, employment and contracting, particularly as opportunities arise from divestitures of overlapping properties of large media companies, like those currently under consideration in the Verizon-Alltel merger. Given the current economic crisis and its disproportionate impact on small, minority and economically disadvantaged businesses, it is imperative that government agencies do not continue to forgo these important public interests in their haste to approve another major merger without clear directives to include ownership opportunities for small, minority and economically disadvantaged businesses in a meaningful manner. The FCC has previously recognized the importance of diversity by establishing and supporting its Advisory Committee on Diversity for Communications in the Digital Age. However, it has been lacking in direct initiatives that are practical and result in securing realistic and definitive small, minority and economically disadvantaged ownership participation in this increasingly consolidated industry.

It is my understanding that Verizon Wireless wrote to the FCC on October 7, 2008, and indicated that the company had offered to divest holdings in 15 markets (in addition to 85 originally designated markets) that had been identified as business areas where Verizon and Alltel had overlapping interests. I applaud Verizon's voluntary proactive efforts to address anti-trust/consolidation concerns

☐ WASHINGTON OFFICE
2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365
FAX: (202) 225-0816

PLEASE RESPOND TO OFFICE CHECKED

☐ DISTRICT OFFICE
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900
FAX: (212) 663-4277

but would ask the Commission to follow up on these actions by requiring the merged company provide concrete opportunities for small, minority and economically disadvantaged businesses to negotiate in good faith for the designated properties identified for divestitures, perhaps in the form of the "right of first negotiation". This is a tremendous opportunity for the FCC to increase diversity in the telecommunications industries and to do so pursuant to its authority under Section 310 of the Communications Act to determine when a merger is in the public interest, convenience and necessity and to condition its approval accordingly.

Should the FCC develop policy to promote these valuable goals, I would endorse this merger. If the FCC does not include strong language that encourages these efforts, I would find it very difficult to support the approval of another major telecommunications merger that lacks important basic fundamental public interest conditions. Prior to the current financial crisis, small, minority and economically disadvantaged interests were experiencing unique challenges with ownership opportunities in the telecommunications industry. The current environment has only made the situation worse. Without committed public policy initiatives supporting economic benefits associated with small, minority and economically disadvantaged group ownership, the FCC should not proceed in approving this merger.

I look forward to discussing this opportunity further with you and I would ask that you keep me apprised of your review of the Verizon-Alltel merger.

Sincerely,

Charles B. Rangel

CHARLES B. RANGEL
Chairman of the Committee on
Ways and Means

CBR:jrs

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

March 29, 2007

The Honorable Kevin J. Martin
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Mr. Chairman:

Thank you again for visiting with me recently. I have been following the press reports on the minority must-carry initiative you suggested at our meeting and am concerned that your proposal may exclude existing small and independent broadcasters from programming their second channel directly and receiving carriage of that signal. Such action would hinder any efforts to promote an inclusive environment for small broadcasters who are currently struggling with the transition to digital television.

Therefore, I would ask you to consider including small and independent broadcasters as those who would be eligible for cable carriage of their second signal in digital television.

Thank you for your attention to this matter. I look forward to your response.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

March 12, 2007

The Honorable Michael Copps
Commissioner
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Commissioner Copps:

It was a great pleasure to meet you yesterday and to discuss with you efforts to expand opportunities for smaller enterprises, minorities and women in the communications industry.

Your willingness to delve into this issue is refreshing.

Very soon I will be introducing legislation to provide tax preferences to those who sell communications properties to smaller enterprises. While the communications business is evolving rapidly, new mediums constantly being developed, I still believe it is important to make sure the larger existing media not be concentrated in just a few hands. Making sure that smaller enterprises have an opportunity to participate not only through developing media, but in more traditional media is very important to a robust industry.

I would also like to bring to you attention my concerns on the Federal Communications Commission's second channel cable carriage proposal that Chairman Martin mentioned in our recent meeting. It is my understanding that existing small and independent broadcasters would not be eligible to program a second channel directly and receive the same rights offered to 3rd party programmers. Such action would disadvantage the very small business entrepreneurs the FCC is seeking to foster.

Thus, I would encourage you to make existing small and independent broadcasters eligible for cable carriage of their second signal in digital television in your notice of proposed rulemaking and to continue to implement policies that promote small business ownership and programming opportunities in the telecommunications medium.

I am very glad to be working with you. You should feel very comfortable reaching out to me for any of your concerns.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

January 8, 2007

The Honorable Kevin J. Martin
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Martin:

I want to follow-up on my previous correspondence regarding the Federal Communication Commission's review of the AT&T and BellSouth merger. While I am pleased that final concessions for approval include a divestiture of telecommunications facilities in the 2.5 GHz (Broadband Radio Service) and the 2.3 GHz (Wireless Communications Service) spectrum within twelve months of the closing date, I would strongly recommend that the Commission encourage these companies to give small business owners and socially disadvantaged groups a right of first negotiation for these properties. Such action would fall within the purview of the FCC's mandate to promote the public interest by ensuring diversity in ownership in the telecommunications industry and is an important policy during these unique times that have seen small businesses and socially disadvantaged groups ownership opportunities diminish substantially.

It is imperative that the Commission work to encourage companies such as the one resulting from the merger of AT&T and BellSouth to include small businesses at the table when they begin divestiture negotiations. Otherwise, large companies will continue to swap properties among themselves, eliminating opportunities for small business owners and socially disadvantaged groups to participate in the telecommunications marketplace and perhaps irreparably closing doors for small business stakeholders in this industry.

I would like to discuss this matter with you personally as you oversee the implementation of the terms associated with your approval of this merger.

Thank you for your attention to this matter.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

October 17, 2006

The Honorable Jonathan Adelstein
Commissioner
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Commissioner Adelstein:

I am contacting you to commend you for your role in recently extending the Federal Communication Commission's review of the proposed AT&T and BellSouth merger. I have been following this transaction closely as I am concerned about the implications of continued consolidation in the telecommunications industries particularly in the absence of creating incentives for small business owners and participants in this arena.

While I was pleased that AT&T and Bell South recognized that their union will only be approved if certain conditions are met, I was disappointed that none of their proposed concessions focused on expanding ownership opportunities for small business participants. As you proceed with deliberations and develop recommendations on the public interest needs that should be addressed for this massive merger to be approved, I would ask you to include provisions that would call for divestitures among their business assets, specifically rural or smaller telephony markets, to include the right of first-negotiation for acquisition by companies owned or controlled by small businesses or socially disadvantaged groups. To be clear, I am not proposing that these properties be divested at a reduced rate, only that small business owners, who are traditionally excluded from such business opportunities, be given the chance to negotiate for these properties that are rarely available to them in the world of ever increasing multimedia consolidation.

Therefore, as you consider the conditions of this $67 billion merger, I would strongly recommend that you make approval contingent upon a requirement that a reasonable divestiture of telecommunications properties, to include a right of first-negotiation for acquisition by companies owned or controlled by small businesses or socially disadvantaged groups, be part of the final agreement.

I look forward to your response on this matter.

Sincerely,

Charles B. Rangel
Member of Congress

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

October 11, 2006

Honorable Kevin Martin
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Mr. Chairman:

The Federal Communications Commission currently has before it the proposed merger of AT&T and BellSouth Corporation that would result in one of the largest telecommunications companies in this country. As the telecommunications industries consolidation produces competitive "winners" and "losers", we must not lose sight of the fundamental need to preserve and enhance diversity in ownership, management, employment and contracting in these important industries. The FCC has recognized the importance of such diversity by establishing and supporting its Advisory Committee on Diversity for Communications in the Digital Age.

While Congress has been and continues to review the telecommunications industries and seek new methods of encouraging new entrants and diversity of ownership, we must look to the FCC to identify proactive measures to eliminate market entry barriers and further opportunities for small businesses and businesses owned by women and minorities. With the AT&T-BellSouth merger now before you, you have just such an opportunity. Many wisely argue that the FCC should condition its approval of the merger on the divestiture of at least $1 billion dollars worth of telecommunications businesses and should grant a right of first negotiation for the acquisition of these businesses to companies owned or controlled by small businesses or socially disadvantaged groups. This is a tremendous opportunity for the FCC to increase diversity in the telecommunications industries and to do so pursuant to its authority under Section 310 of the Communications Act to determine when a merger is in the public interest, convenience and necessity and to condition its approval accordingly.

I look forward to discussing this opportunity further with you and I would ask that you keep me apprised of your review of the AT&T-BellSouth merger.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

United States Senate
WASHINGTON, DC 20510

Honorable Kevin Martin
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Martin:

We are writing regarding the Federal Communications Commission's review of the AT&T and BellSouth merger. We know that the process required cooperation and concessions from all sides involved. And we commend you and your fellow Commissioners for reaching a conclusion that won concessions from the merging firms to protect competition in the market for communications services.

We know that leaders from the Senate committees of jurisdiction, including Senator Kohl and Senator Inouye, advocated many of those protections. Wisely included among them, the agency compelled the companies to concede to the divestiture of telecommunications facilities in the 2.5 GHz and 2.3 GHz spectrum within twelve months of the closing date of the merger. Since the conclusion of that proceeding, House Ways and Means Chairman Charles Rangel has written the agency to encourage that the spectrum divestiture proceedings allow for small and minority owned businesses to participate in the bidding in a meaningful way.

As the players in the various markets for the delivery of communications services and access to the Internet continue to respond to a changing market, it is up to the FCC to constantly monitor and encourage a communications marketplace that leaves room for the expression of a diversity of viewpoints. Within that context, the agency should encourage diversity of ownership of the assets over which those viewpoints are delivered.

We appreciate your attention to this matter and look forward to working with the agency on this and other matters as innovations continue to drive dramatic change in the marketplace.

Sincerely,

Richard J. Durbin
U.S. Senator

Barack Obama
U.S. Senator

JULY 7, 2009

Telecoms Face Antitrust Threat

Wireless Market, Generic Drugs Reviewed as Justice Department Steps Up Enforcement

By AMOL SHARMA

The Department of Justice has begun looking into whether large U.S. telecommunications companies such as AT&T Inc. and Verizon Communications Inc. are abusing the market power they have amassed in recent years, according to people familiar with the matter.

The review, while in its early stages, is an indication of the Obama administration's aggressive stance on antitrust enforcement. The Justice Department's antitrust chief, Christine Varney, has said she wants to reassert the government's role in policing monopolistic and anticompetitive practices by powerful companies.

Bloomberg News

Christine Varney testifies at a Senate Judiciary Committee confirmation hearing in March.

The law that covers such behavior, the Sherman Antitrust Act, has been used in the past against giants ranging from Standard Oil to Microsoft Corp. It lay essentially dormant during the Bush years, with the agency bringing no major case. The telecom industry is among several sectors now coming under scrutiny. Others include health care and agriculture.

The Justice Department is already cracking down on certain agreements. It recently filed an objection to plans by airlines in the global Star Alliance to cooperate more closely on international routes and fares. It has targeted payments large pharmaceutical producers sometimes make to generic-drug makers to delay cheap copies of medicines. In addition, Ms. Varney is investigating Google Inc.'s settlement with authors and publishers over its Book Search product.

possible for more than one company to exercise monopoly-like power in sectors like telecom. He argued Verizon and AT&T had thrown around their weight in a variety of ways, from gobbling up radio spectrum to charging high fees for other companies to connect to their networks.

Under Pressure

On Justice's radar:

- **GOOGLE**: Examining whether a pact with authors and publishers could reduce competition in digital books.
- **AIRLINE ALLIANCES:** Objects to Transportation Department grants of antitrust immunity for international airline cooperation.
- **MULTINATIONALS:** Stepping up probes of possible violations of Foreign Corrupt Practices Act.
- **TELECOM:** Conducting an initial informal review of whether the largest wireless carriers are abusing their market power after a wave of consolidation.
- **PHARMACEUTICALS:** Says deals in which drug makers pay to delay generics should be presumed unlawful.

Major telecom companies say the industry is very competitive, both in land lines, where cable and phone companies are dueling fiercely, and in the wireless sector, where there are four major national carriers. They also argue that regulation of specific areas of telecom, including exclusive handset deals, would harm innovation.

The debate over exclusive handset deals has been escalating. The Federal Communications Commission said last month it will investigate them. That followed a congressional hearing that spotlighted the complaints of small carriers that said they are being shut out.

"This is the outcome of indifference on the part of the government to the concentration of power in the hands of a few," said Jack Rooney, chief executive of Chicago-based U.S. Cellular, in a recent interview. U.S. Cellular has 6.2 million customers, mostly in rural areas.

AT&T, with the iPhone deal, isn't alone in striking exclusive arrangements. Verizon is the exclusive provider of Research In Motion Ltd.'s touch-screen BlackBerry Storm in the U.S. Sprint Nextel Corp. will be the only carrier with the Palm Inc. Pre until early next year.

The carriers say such exclusives enable them to take risks on expensive new smart phones and bring them to market at discounted prices. The deals limit the ability of manufacturers such as Palm, Apple and HTC Corp. to distribute their devices widely. But some analysts say those companies benefit by getting a significant share of a carrier's marketing and sales resources.

"If you are launching an absolutely new product to the market, pairing up with a Tier 1 carrier gives you instant visibility and buzz and a first-rate marketing campaign," said Andy Castonguay, a wireless analyst at Yankee Group.

The telecom review isn't a formal investigation of any specific company, and it isn't clear it will ever become one. The review is expected to cover all areas from land-line voice and broadband service to wireless.

One area that might be explored is whether big wireless carriers are hurting smaller rivals by locking up popular phones through exclusive agreements with handset makers. Lawmakers and regulators have raised questions about deals such as AT&T's exclusive right to provide service for Apple Inc.'s iPhone in the U.S. Big carriers say limiting exclusive deals would hurt innovation.

The department also may review whether telecom carriers are unduly restricting the types of services other companies can offer on their networks, one person familiar with the situation said. Public-interest groups have complained when carriers limit access to Internet calling services such as Skype.

Through a spate of consolidation and organic growth, AT&T and Verizon have become the two dominant players and have a great deal of clout with equipment makers. Combined, they have 90 million land-line customers and 60% of the 274 million U.S. wireless subscribers. They operate large portions of the Internet backbone.

Past antitrust regulation played a major role in shaping the telecom sector. The U.S. pursued a landmark antitrust case against AT&T, resulting in the 1984 breakup of the "Ma Bell" telephone monopoly into regional carriers. One of those, SBC Communications Inc., later led a merger roll-up, and by 2006 had reconstituted the giant now known as AT&T Inc.

Verizon, created in 2000 in a merger of GTE Corp. and Bell Atlantic Corp., bulked up through deals such as its 2006 acquisition of MCI Inc. Its wireless unit, a joint venture with Vodafone Group PLC, acquired Alltel Corp. early this year.

Some antitrust experts said the U.S. would have a tough time opening a Sherman Act case against telecom providers and showing a company was abusing market power. "It would be a very hard case to make," said Donald Russell, a Washington attorney who reviewed a number of telecom mergers as a DOJ antitrust lawyer in the Clinton administration. "You don't have any firm that's in a dominant position."

"Investigations don't necessarily lead to court cases," said Ketan Jhaveri, an attorney with Simpson Thacher & Bartlett LLP who once worked on the Justice Department's telecom antitrust task force. He noted that antimonopoly litigation consumes a lot of resources.

"What you'll probably see is a lot of investigations opened, but they'll bring cases where they have the best shot of succeeding in litigation and clarifying the law," Mr. Jhaveri said. He added that the scrutiny itself might help deter anticompetitive behavior, even if suits aren't filed.

Harold Feld, from the consumer advocacy group Public Knowledge, said the telecom review reflects the Obama administration's philosophy on antitrust. Traditionally, he said, the government has tried to show that a single firm had monopolistic power; but Mr. Feld said it is

Paul Roth, AT&T's president of retail sales and service, told Congress last month that the billions of dollars the company invests in its network and services would be put at risk if government were to "impose intrusive restrictions on these services or the way that service providers and manufacturers collaborate on next-generation devices." Mr. Roth said there is plenty of competition and innovation in the wireless industry.

Verizon said it has tried to negotiate deals with some small rural carriers, including Cellular South, on certain handsets made by LG Electronics Inc. and Samsung Electronics Co., but the sides haven't been able to agree on final terms. "In the absence of regulation and political interest, we are showing that we're willing to change our business relationship with rural carriers," said a Verizon Wireless spokesman, Jeffrey Nelson.

Jon Muleta, former wireless bureau chief of the FCC, said exclusive handset deals won't be an issue the government can pursue on antitrust grounds unless major handset makers say they're being forced into the deals. "The equipment providers enter into these deals willingly," Mr. Muleta said.

—Elizabeth Williamson contributed to this article.

Write to Amol Sharma at amol.sharma@wsj.com

June 10, 2009, 10:51 am

Atlantic Tele-Network Soars On Verizon Wireless Deal

Posted by Eric Savitz

Now here is a deal the Street really likes.

Yesterday, **Atlantic Tele-Network** (ATNI) a company which operates a hodgepodge of telecom operations in the U.S. and the Caribbean, announced a deal to pay $200 million in cash to acquire more than 800,000 wireless subscribers from **Verizon Wireless** (VZ, VOD) in mostly rural areas of Georgia, North Carolina, South Carolina, Illinois, Ohio and Idaho. Verizon Wireless was required to divest those subs as part of the regulatory approval of Verizon's acquisitions of Alltel.

ATNI is funding the deal with cash on hand and borrowings from an existing credit facility; the deal is subject to FCC and Justice Department approvals, but should close in the third or fourth quarter.

The deal dramatically remakes the company, which will now have more than 1 million wireless subscribers. ATNI's previous businesses include phone companies in Guyana, Bermuda, the U.S. Virgin Islands and Turks and Caicos, as well as some smaller properties in the U.S.

Raymond James analyst Ric Prentiss asserts in a research note that the deal is "transformational" for ATNI, and stresses that it comes at an "extremely attractive price," which he estimates to be about 2x 2010 pro forma EBIRDA. He notes that the company is paying less than $250 per sub, which compares with the $1,567 per sub AT&T paid for a previous Alltel-related divestiture to AT&T last month. He notes that the acquired properties generate 2x the consolidated revenue of current ATNI, at more than $450 million versus $207 million in 2008.

Prentiss says the transaction "will make the company one of the largest wireless carriers in the U.S." He says there are risks to the transaction, given ATNI's inexperience with retail operations in the U.S., but that "the bargain price ATNI is paying for these assets makes this an opportunity far outweighing the risks."

Prentiss today upped his target on the stock to $47 from $34. His 2010 revenue forecast jumps to $805 million from $225 million; GAAP EPS jumps to $5.83, from $2.25. (Talk about an accretive deal!)

ATNI shares today have rocketed up $10.95, or 41.1%, to $37.60.

MAY 9, 2009

Verizon to Sell Some Alltel Assets to AT&T

By AMOL SHARMA

Verizon Wireless agreed to sell some wireless assets to rival AT&T Inc. for $2.35 billion after government regulators mandated that Verizon divest itself of properties related to its acquisition of Alltel Corp.

Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, purchased Alltel early this year in a $28.1 billion transaction. The assets it was required to shed include 2.1 million wireless subscribers in 22 states, as well as radio spectrum and other assets necessary to run the businesses in those markets.

AT&T said the markets it is purchasing, which are mainly in rural areas and are mostly former Alltel territories, include 1.5 million subscribers.

In a separate transaction, Verizon agreed to purchase a small number of service areas from AT&T for $240 million.

AT&T took care to avoid buying Alltel markets where it would gain too much clout and attract antitrust scrutiny, one person familiar with the deal said.

Verizon added 13.2 million subscribers from the Alltel deal and reported a total customer base of 86.6 million at the end of the first quarter, making it the largest U.S. wireless carrier. The company expects about $1 billion in savings this year as it integrates Alltel. Verizon has already adopted a special "Friends and Family" service plan based on one of Alltel's that allows unlimited calling to any five or 10 numbers, including landlines.

Verizon still must shed some other Alltel assets. Other bidders in the divestiture process could include private-equity firms and small wireless carriers, people familiar with the situation said.

CNBC reported earlier that Verizon was nearing a deal with AT&T for the Alltel assets. The Wall Street Journal reported in February that AT&T had emerged as a bidder and was likely to walk away with a sizable chunk of the Alltel assets.

Write to Amol Sharma at amol.sharma@wsj.com

Printed in The Wall Street Journal, page B5

THE WALL STREET JOURNAL.
WSJ.com

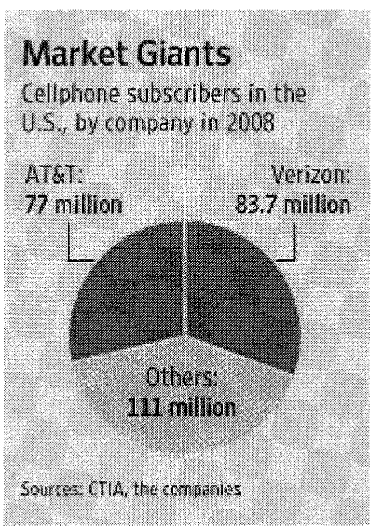
FEBRUARY 3, 2009, 10:50 P.M. ET

AT&T Seeks Verizon Wireless Assets

By AMOL SHARMA

In the bidding for the roughly $3 billion in wireless assets Verizon Wireless must divest as part of its purchase of Alltel Corp., one strong but controversial contender is emerging: AT&T Inc.

The Dallas-based telecommunications giant, Verizon's chief rival, is among the bidders, along with a joint bid from private-equity firms Carlyle Group and Kohlberg Kravis & Roberts & Co. and a separate bid from Providence Equity Partners LLC, according to people familiar with the matter. At least one cable provider also has expressed interest, one of the people said.



Verizon Wireless agreed to sell the assets to get government approval for the $28.1 billion Alltel purchase, which closed last month. Assets include 2.1 million wireless subscribers in 22 states, as well as wireless spectrum and other assets necessary to run the businesses in those markets. People close to the deal say the assets are worth roughly $3 billion.

AT&T is in the strongest financial position of the interested companies and is in a good position to walk away with a large chunk of the assets, the people say. An AT&T spokesman declined to comment.

Critics, including consumer advocates and Verizon's smaller competitors, say such a deal -- allowing one giant telecom provider to transfer customers to another -- wouldn't be in the interest of consumers. AT&T and Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC, have a combined 160 million subscribers, nearly 60% of the entire U.S. market.

Gigi Sohn, president of the public interest group Public Knowledge, said the government should encourage Verizon to sell the assets to smaller players to enhance competition. "This could be one of the first big tests for the Obama administration to see if their antitrust enforcement will have any teeth," Ms. Sohn said.

The Department of Justice, which must approve the divestitures, says it would examine affected markets and any competitive issues that a sale would raise as part of the approval process.

Trade groups representing rural cellphone operators, including the Rural Cellular Association and the Organization for the Promotion and Advancement of Small Telecommunications Companies, said they were concerned AT&T could charge high roaming fees if it takes control of the Alltel assets. Carriers pay roaming fees to other providers when their customers use a cellphone outside their home coverage area. RCA Executive Director Eric Peterson said he hopes regulators "would not allow that kind of a transaction to go forward."

Laurie Itkin, director of government affairs for Leap Wireless International Inc., a small wireless provider that opposed the Verizon-Alltel merger, is also concerned about radio spectrum. "If it ends up going from one mega-carrier to another mega-carrier we think that's a bad outcome for consumers," Ms. Itkin said.

A Verizon spokesman declined to comment on whether AT&T is likely to end up with the lion's share of the Alltel divestitures.

Antitrust lawyers say the Justice Department generally evaluates divestitures based on competitiveness in each individual market area. "If Verizon divests assets to AT&T in areas where AT&T doesn't have a significant presence now, the traditional analysis would say there's no problem with that," said Donald Russell, a former Justice Department attorney who reviewed several major telecom mergers.

Ms. Sohn and others say it doesn't make sense to look at the wireless market in individual market slices, since the companies set national rates for consumers and benefit from national scale in their roaming negotiations with competitors. "You can't just look at it on a local basis," she said.

—Matthew Karnitschnig contributed to this article.

CONTROL

QUESTION:

Who's Controlling What You See And Hear?
Who's Controlling How You Communicate?

ANSWER:

A handful of mega media and telecommunications corporations void of diverse and independent owners to represent the multiplicity of viewpoints and business models that convey and portray the ingenuity and best of the vast American landscape. Media and telecommunications consolidation is reaching a tipping point in America...

Viewpoints are stifled
Prices are fixed
Competition is diminished
Extremes monopolize media platforms

Members Of Congress:

What Are You Doing To Encourage Small Business, Women And Minorities To Participate In This Process?

THE FACTS:

- Verizon Wireless and AT&T control 60% of the entire U.S. telecommunications market. (See Wall Street Journal. 4 Feb. 2009.)
- Minorities comprise 34% of the U.S. population, own only 3.15% of full power commercial television stations. Women comprise 51% of the U.S. population, own only 5.87% of full power commercial television stations. (Out of the Picture 2007: Minority & Female TV Station Ownership in the United States, October 2007)
- Five giant media conglomerates (Viacom/ CBS, Disney/ABC, GE/NBC, News Corp./ FOX, and Time Warner/WB/CNN/TNT) own broadcast and cable outlets that control approximately 75% of prime-time viewing. (Center for Creative Voices in Media. n.d. Web. 8 June. 2009.)
- "Our broadcast media — and they are not alone among our nation's media — for all their many wonderful accomplishments, are still deficient when it comes to reflecting the diversity of America." (FCC Commissioner Michael Copps.8 April.2009. "FCC Takes Steps To Improve Its Collection of Data on Minority and Female Broadcast Ownership." [Press Release])

INDEPENDENT VOICES AGAINST MEDIA CONCENTRATION

For more information, please contact IndependentVoicesInMedia@gmail.com