

# The Office of Attorney General William Tong

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Press Releases



## STATE OF CONNECTICUT ATTORNEY GENERAL WILLIAM TONG

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### ATTORNEY GENERAL TONG JOINS MULTI-STATE COALITION TO BLOCK T-MOBILE AND SPRINT MEGAMERGER

**States allege merger is anticompetitive and will drive-up prices for consumers throughout the country**

(Hartford, CT) – Connecticut Attorney General William Tong joined 9 states today in filing a [multi-state lawsuit](#) to halt the proposed merger of telecom giants T-Mobile and Sprint. The complaint, led by New York Attorney General Letitia James and California Attorney General Xavier Becerra, was filed in New York federal court in coordination with Colorado, Connecticut, Maryland, Michigan, Mississippi, Virginia, Wisconsin, and Washington, D.C., alleges that the merger of two of the four largest national mobile network operators would deprive consumers of the benefits of competition and drive up prices for cellphone services.

"Competition in the wireless industry has caused prices to drop and coverage and quality to improve. But the average American household still spends over \$1,000 a year on wireless service—way too much. Cell phones are not a luxury or convenience, they are a necessity of modern life for every Connecticut family. We need more competition in the market, not less. Federal antitrust law prohibits mergers that substantially lessen competition, and this proposed merger should be blocked," said Attorney General Tong.

"When it comes to corporate power, bigger isn't always better," said Attorney General James. "The T-Mobile and Sprint merger would not only cause irreparable harm to mobile subscribers nationwide by cutting access to affordable, reliable wireless service for millions of Americans, but would particularly affect lower-income and minority communities here in New York and in urban areas across the country. That's why we are going to court to stop this merger and protect our consumers, because this is exactly the sort of consumer-harming, job-killing megamerger our antitrust laws were designed to prevent."

T-Mobile US Inc. and Sprint Corporation are the third and fourth largest mobile wireless networks in the U.S., and are the lower-cost carriers among the “Big Four” — Verizon Wireless and AT&T round out the market. Intense competition, spurred in particular by T-Mobile and Sprint, has meant declining prices, increased coverage, and better quality for all mobile phone subscribers. According to the Labor Department, the average cost of mobile service has fallen by roughly 28 percent over the last decade, while mobile data consumption has grown rapidly. The merger, however, would put an end to that fierce competition, which has delivered a great number of benefits to consumers.

Currently, the average U.S. household spends approximately \$1,100 annually on cellphone services. And for many families, especially those with lower incomes, even a small price increase can result in suspension or cancellation of cellphone service.

“Low- and moderate-income (LMI) New Yorkers put a greater share of their household income toward their phone bill, and when you are looking at a budget that is already stretched thin, every dollar counts,” added Mae Grote, the CEO of the Financial Clinic. “Cellphones now not only give us the ability to communicate with friends and family, here and abroad, but are increasingly the way we engage with many critical services. Our customers use cellphone apps to access public information, send and receive money, manage their SNAP benefits, look for a job, and even communicate with their doctors, and maintaining competition in the market for this critical service ensures LMI consumers have the same access to quality, affordable service as the more financially secure. The Clinic is proud to advocate on behalf of the communities we serve to protect their inclusion in the modern economy.”

While T-Mobile and Sprint have made promises that their merger would offer lightning-fast speeds and increased capacity, the Attorneys General investigation found that many of the claimed benefits were unverifiable and could only be delivered years into the future, if ever. By contrast, if the merger were to go through, the combined company would immediately have the power and incentive to raise prices, while cutting quality. In short, any theoretical efficiencies that could be realized from the merger would be outweighed by the transaction’s immediate harm to competition and consumers.

Additionally, the merger would harm thousands of hard-working mobile wireless independent dealers across the nation. The nine states and DC are concerned that further consolidation at the carrier level would lead to a substantial loss of retail jobs, as well as lower pay for these workers in the near future.

Chris Shelton, president of the Communications Workers of America (CWA), added, “CWA applauds the Attorneys General and especially General Letitia James’ leadership in taking decisive action today to prevent T-Mobile and Sprint from gaining anti-competitive power at the expense of workers, customers, and communities. Reducing the number of national wireless carriers from four to three would mean higher prices for consumers, job loss for retail wireless workers, and downward pressure on all wireless workers’ wages. The states’ action today is a welcome development for American workers and consumers, and a reminder that regulators must take labor market concerns seriously when evaluating mergers.”

Before filing suit, the states gave significant consideration to T-Mobile and Sprint's claims of increased coverage in rural areas. However, T-Mobile has yet to provide plans to build any new cell sites in areas that would not otherwise be served by either T-Mobile or Sprint. And, as stated in the complaint, the U.S. previously won the "race to LTE" as a direct result of vigorous competition among wireless carriers. Finally, continued competition, not concentration, is most likely to spur rapid development of a nationwide 5G network and other innovations.

"This merger is bad for competition, and it is bad for consumers, especially those living in or traveling through rural areas, who will experience fewer choices, price increases, and substandard service," stated Carri Bennet, general counsel for the Rural Wireless Association. "We are pleased that the New York Attorney General, along with nine states have filed their lawsuit to block the merger. The process at the FCC has not been transparent and the FCC appears to be blindly accepting New T-Mobile's words as truth."

The complaint was filed under seal in United States District Court for the Southern District of New York.

T-Mobile currently has more than 79 million subscribers, and is a majority-owned subsidiary of Deutsche Telekom AG. Sprint Corp. currently has more than 54 million subscribers, and is a majority-owned subsidiary of SoftBank Group Corp.

Retired Assistant Attorney General Gary Becker and Assistant Attorney General Michael Cole, chief of the Antitrust and Government Program Fraud Department assisted the Attorney General in this matter.

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