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## ATTORNEY GENERAL HERRING FILES SUIT TO BLOCK T-MOBILE AND SPRINT MEGAMERGER

*~ Virginia and coalition of states allege merger is anticompetitive and will drive-up prices for consumers throughout the country ~*

**RICHMOND (June 11, 2019)**—Attorney General Mark R. Herring today filed suit to block the proposed merger of telecom giants T-Mobile and Sprint. The complaint, filed by a coalition of ten states, alleges that the merger of two of the four largest national mobile network operators will drive up prices for mobile phone services and deprive consumers of the benefits of competition. After evaluating the proposed merger the attorneys general determined that any theoretical benefits would be outweighed by the immediate harm to consumers, including a significant impact on low income customers, likely elimination of wireless retail jobs, and reduced innovation and competition.

“Mobile phones have, in many ways, become a necessity for people who are looking for a job, pursuing their education, or even just trying to coordinate hectic schedules amongst their family,” **said Attorney General Herring.** “The cost of mobile phone service has actually dropped significantly in recent years, but this proposed merger would likely lead to increased costs, fewer choices, and less innovation in the market. For many families on a tight budget, a small increase in the cost of their phone plan could be incredibly disruptive and difficult to absorb. We’re going to do what we can to protect Virginians and keep phone bills low.”

T-Mobile US Inc., which has more than 79 million subscribers, and Sprint Corporation, which has more than 54 million subscribers, are currently 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 mobile phone 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) consumers 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 attorneys general 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 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 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. The coalition of states, which is led by New York Attorney General Letitia James and California Attorney General Xavier Becerra, includes Colorado, Connecticut, Maryland, Michigan, Mississippi, Virginia, Wisconsin, and Washington, D.C.

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