

Minnesota joins lawsuit to block T-Mobile/Sprint mega-merger

AG Ellison joins 13 other AGs in amended complaint that alleges merger is anti-competitive, will drive up prices for consumers, cost jobs, and hurt rural areas

June 21, 2019 (SAINT PAUL) — Minnesota Attorney General Keith Ellison announced today that Minnesota has joined 13 other states in a multi-state lawsuit to halt the proposed merger of telecom giants T-Mobile and Sprint. The complaint alleges that the merger of two of the four largest national mobile network operators would deprive consumers of the benefits of competition, drive up prices for cellphone services, lead to job loss, and hurt rural consumers.

The complaint, led by New York Attorney General Letitia James and California Attorney General Xavier Becerra, was originally filed on June 11 with 10 attorneys general. This morning an amended version of the complaint was filed in New York federal court to add Minnesota, Hawaii, Massachusetts, and Nevada to the original list of plaintiffs: New York, California, Colorado, Connecticut, Maryland, Michigan, Mississippi, Virginia, Wisconsin, and the District of Columbia.

“It’s my job to protect Minnesotans when anti-competitive behavior makes it harder for them to afford their lives. The proposed mega-merger between Sprint and T-Mobile would do just that,” Attorney General Ellison said. “It would lead to higher prices, fewer jobs, and less service, especially in Greater Minnesota where there are already too few options for staying connected. When Minnesotans and Americans everywhere are already struggling to afford their lives, more market consolidation is the last thing they need. I’m joining the fight today against the Sprint/T-Mobile merger to keep that from happening.”

Attorney General Ellison also released a short video about joining the lawsuit.

MN Attorney General Announces Opposition to the Merger ...



Background

T-Mobile US Inc. and Sprint Corporation are the third- and fourth-largest mobile wireless networks in the U.S. They are the lower-cost carriers among the “Big Four” that include Verizon Wireless and AT&T. 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 competition, which has delivered many benefits to consumers.

While T-Mobile and Sprint have promised that their merger would offer lightning-fast speeds and increased capacity, the attorneys’ general investigation has 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. Any theoretical efficiencies that could be realized from the merger would be outweighed by the transaction’s immediate harm to competition and consumers.

Currently, the average U.S. household spends approximately \$1,100 annually on cellphone services. For many families, especially low-income families, even a small price increase can result in suspension or cancellation of cellphone service.

The proposed merger would also disproportionately harm Greater Minnesota, which already suffers from less competition and lower-quality service from telecoms providers. “This merger is bad for competition and bad for consumers, especially those living in or traveling through rural areas, who will experience fewer choices, price increases, and substandard service,” said Carri Bennet, general counsel for the Rural Wireless Association.

Additionally, the merger would harm thousands of mobile wireless independent dealers across the nation. The 14 attorneys general are concerned that further consolidation by carriers would lead to a substantial loss of retail jobs, as well as lower pay for these workers in the near future.

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.