



Federal judge asks to review FCC documents on SBC-AT&T and Verizon-MCI mergers

NEW YORK (AP) - A federal judge said on Friday he wants to examine internal FCC documents regarding two large recent telephone company mergers to see if the Justice Department protected market competition in approving the buyouts.

It's considered unlikely that U.S. District Court Judge Emmet G. Sullivan has the authority or inclination to pursue drastic action such as reversing the deals: the now-completed mergers of SBC Communications Inc. with AT&T Corp. and Verizon Communications Inc. with MCI Inc.

But the court could potentially impose additional conditions on those deals, and in so doing, place tougher obstacles in front of future mergers such as the proposed \$67 billion acquisition of BellSouth Corp. by AT&T Inc. -- the name SBC adopted after completing the purchase of AT&T Corp.

The order signed Friday by Judge Sullivan is part of a court review of merger approvals required by Congress. In the order, Sullivan wrote that the Federal Communications Commission had agreed to provide unedited versions of the agency's merger orders and opinions.

The order also said the FCC's deputy general counsel, P. Michele Ellison, was seeking consent from all individuals and entities who provided confidential information contained in the FCC documents.

The FCC and the Department of Justice approved the two deals late last year, requiring modest divestitures of certain overlapping assets and market commitments such as not requiring customers to buy phone service in order to get high-speed Internet access.

Some consumer advocates cried foul, charging that the DOJ had rubber-stamped the deals with little concern for the competition that might be lost with the disappearance of the two biggest independent providers of long-distance calling. Proponents of the deals argued that market competition was as fierce as ever with rival options for phone service from cable TV companies, Internet-based calling and unlimited cellular plans.

The \$16 billion SBC-AT&T and \$7.5 billion Verizon-MCI deals largely brought an end to the two-decade separation between local and long-distance companies, a distinction fueled by the break-up of the national Bell monopoly in 1984. The SBC deal also underscored the dramatic reversal of fortunes between AT&T and its Baby Bell spinoffs, with the once-mighty parent being taken over by one of its corporate offspring.

At a hearing earlier this week, Judge Sullivan expressed some doubt about whether the DOJ review and the resulting settlement were adequate in terms of addressing antitrust concerns. But he also made it clear his review would be more limited in scope than a full-blown re-examination of the mergers.

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