

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of

Applications of AT&T Inc. and Deutsche  
Telekom AG for Consent to Transfer Control  
of Licenses and Authorizations

---

WT Docket No. 11-65

---

**DECLARATION OF STEPHEN GUNN IN SUPPORT OF REPLY BRIEF OF  
CREDO MOBILE IN SUPPORT OF PETITION TO DENY**

---

**CREDO MOBILE, INC.**

Jean Parker – Cal. Bar No. 196507  
101 Market Street, Suite 700  
San Francisco, California 94105  
Telephone: (415) 369-2053

**ROSEN, BIEN & GALVAN, LLP**

Michael W. Bien – Cal. Bar No. 096891  
Kenneth M. Walczak – Cal. Bar No. 247389  
Bahareh Mostajelean – Cal. Bar No. 258903  
315 Montgomery Street, Tenth Floor  
San Francisco, California 94104  
Telephone: (415) 433-6830

*Attorneys for Petitioner Credo Mobile, Inc.*

## **DECLARATION OF STEPHEN GUNN**

1. I am Stephen Gunn, Vice President of Operations for CREDO Mobile, Inc. (“CREDO”). I have personal knowledge of the matters set forth herein, and if called upon to testify about them, I could and would do so competently.

2. I have been on CREDO’s Senior Management Team for 20 years, and I oversee all regulatory matters for CREDO in addition to managing the company’s telecommunications-related operations. As part of my job duties and responsibilities, I pay close attention to competitive issues in the telecommunications industry including new innovations, products and services, technological issues and standards setting, regulatory issues and retail and wholesale pricing.

3. CREDO operates on an unusual business model that depends on a competitive telecommunications environment for its survival. Credo provides cell phone hand sets and wireless phone services to individuals and businesses throughout the United States. CREDO Mobile offers service comparable to the major cell phone companies, including nationwide digital coverage, friendly customer service, and a choice of state-of-the-art phones and accessories, as well as a variety of service plans. CREDO’s business model, however, is donations-linked, with a portion of every customer’s charges channeled to progressive nonprofits. Additionally, CREDO offers numerous options for grass-roots lobbying by its customers, including free calls to decision-makers, online petitions, and personalized letters sent on behalf of its customers on issues of interest to progressives and liberals.

4. CREDO has successfully donated millions of dollars to progressive nonprofit organizations by offering its customers state-of-the-art technology along with advanced tools for donating to progressive causes. Every month CREDO

members generate over 80,000 calls, letters, and emails to Congress, the White House and corporate leaders. The websites CREDO Action and Mobile Aptitude help CREDO customers stay current with issues of the day and take action to influence decision-makers.

5. CREDO works in conjunction with wireless carrier Sprint Nextel to provide state-of-the-art handsets and reliable wireless service to its customers. The competitive environment for wireless services that has existed since 1993 has allowed Sprint Nextel to succeed, and is therefore very important to CREDO's survival. The proposed merger between AT&T and T-Mobile would negatively impact CREDO and its unique business model.

6. According to recently published articles, which accord with my general understanding of the market, Verizon controls 39% of the post-paid wireless subscriber market, AT&T controls 32%, Sprint controls 15%, and T-Mobile controls 11%. If approved, the post-merger AT&T would control nearly 45% of the national market for post-paid wireless services. AT&T and Verizon would control nearly 80% of the market. AT&T and Verizon's combined national wireless market share would be more than double the market share of the top two companies in the Oil (24.0 percent), Airline (30.7 percent), Banking (20.2 percent), and Auto (35.3 percent) industries. *See Expert Opinion: Why the FCC Should Deny the AT&T/T-Mobile Merger*, Art Neill, <http://broadbandbreakfast.com/2011/06/expert-opinion-why-the-fcc-should-deny-the-att-t-mobile-merger/>.

7. A post-merger AT&T would also control nearly 100% of the market for GSM-based phones. While handset manufacturers may strive to create better GSM devices post-merger, AT&T would have no incentive to offer those better devices in the absence of all other GSM-based competitors.

8. In short, the consolidation of these two companies will result in an effective duopoly for national wireless services. There will be less incentive for the three remaining national carriers to compete on price – especially with the loss of T-Mobile from the market. T-Mobile frequently exercises pricing restraint and sets prices that establish a floor for the rest of the post-paid wireless services industry. *See CR Analysis: T-Mobile is cheaper than AT&T*, Jeff Blyskal (April 8, 2011), <http://news.consumerreports.org/electronics/2011/04/cr-analysis-t-mobile-is-cheaper-than-att.html>.

9. The consequences of the proposed merger may be even more dire for the standard of customer service in the wireless industry. The merger would remove from the marketplace T-Mobile, which routinely sets the standard for quality customer service. *See J.D. Power Awards T-Mobile for Best Customer Service*, Karl Bode (Feb. 3, 2011), <http://www.dslreports.com/shownews/JD-Power-Awards-TMobile-For-Best-Customer-Service-112564>; *2011 Wireless Customer Care Performance Study* (Feb. 3, 2011), [http://www.jdpower.com/telecom/ratings/wireless-customer-care-ratings-\(volume-1\)](http://www.jdpower.com/telecom/ratings/wireless-customer-care-ratings-(volume-1))

10. A post-merger duopoly would also remove AT&T's incentives to invest in research and development of new technologies, products, or processes, or in improvements to access to and use of existing cell phone towers and infrastructure.

I declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

  
Stephen Gunn

Executed on June 17, 2011