

July 25, 2011

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Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
Re: WT Docket No. 11-65

Samuel L. Feder
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Dear Ms. Dortch:

On July 22, 2011, James Marcus Winn, President and Chief Executive Officer of Communications Security & Compliance Technologies, Inc. (“CSCT”) and the undersigned, on behalf of CSCT and its parent company Japan Communications Inc. (“JCI”), met with Commission Staff concerning the above-referenced proceeding. Attending the meeting were: Renata Hesse, Senior Counsel to the Chairman for Transactions; Paul Murray, Patrick DeGraba, Nese Guendelsberger (by phone), Monica DeLong, Catherine Matraves, and Weiren Wang (by phone) of the Wireless Telecommunications Bureau; and Jim Bird (by phone), Neil Dellar, Virginia Metallo, and Joel Rabinovitz of the Office of General Counsel.

In this meeting, we reiterated the arguments in our filed comments that the proposed acquisition of T-Mobile by AT&T threatens grave damage to the already fragile market for wholesale facilities in the United States, which would inhibit innovation and harm consumers. We explained JCI and CSCT’s history of providing innovative wireless data services in Japan and the United States, using a combination of their own facilities and leased access to incumbent wireless facilities. *See* Comments of JCI and CSCT, WT Docket No. 11-65, at 3-5, 7 (May 31, 2011). We then described the market for access to wholesale facilities in the United States as it currently exists – that AT&T and Verizon have shown little interest or incentive to provide wholesale access on a meaningful basis – that is, in a manner that allows the lessee of the facilities to offer products and services that differ from those sold by the incumbents at a rate that makes entry economic – leaving only Sprint and T-Mobile as meaningful wholesale options among the national carriers. *See id.* at 7-10; Reply Comments of JCI and CSCT, WT Docket No. 11-65, at 5 (June 20, 2011). We also explained that wholesale arrangements with regional carriers are inadequate to provide services nationally, as such arrangements must be augmented with roaming arrangements that carry high prices and make them uneconomic. *See* JCI and CSCT Comments at 8-9.

We further explained that this transaction would be harmful to the wholesale market in multiple respects. First, there would no longer be any national GSM-based carrier willing to provide meaningful wholesale access, and GSM-based networks are cheaper to use, have access to more devices and infrastructure, and are essential to international roaming. *See* JCI and CSCT

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Comments at 12-15; JCI and CSCT Reply Comments at 5-10. Second, the transaction threatens to lead to the elimination of Sprint, which would leave no meaningful wholesale options. *See* JCI and CSCT Comments at 13; JCI and CSCT Reply Comments at 7. And third, even if Sprint were to survive, without the presence of T-Mobile, Sprint would be less incentivized to provide competitive products and pricing. *See* JCI and CSCT Comments at 13.

Finally, we reiterated the arguments in our comments that if the Commission approves this transaction, it should put in place enforceable conditions to mitigate the harm to the wholesale market. As we explained, among other things, the Commission should implement an approach modeled on Japan's successful MVNO regulatory scheme, and require AT&T to provide MVNOs cost-based access to a deep, "Layer-2" network connection, as well as to provide cost-based data roaming. *See* JCI and CSCT Comments at 15-18; JCI and CSCT Reply Comments at 11-13.

In accordance with §1.1206 of the Commission rules, one copy of this letter is being filed electronically via ECFS, and one delivered via email to the FCC participants.

Sincerely,

/s/ Samuel L. Feder

Samuel L. Feder

cc: Renata Hesse
Paul Murray
Patrick DeGraba
Nese Guendelsberger
Monica DeLong
Catherine Matraves
Weiren Wang
Jim Bird
Neil Dellar
Virginia Metallo
Joel Rabinovitz