



PRESS RELEASE

Attorney General Frosh Joins Suit to Block T-Mobile and Sprint Megamerger

*States Allege Merger is Anticompetitive and Will Drive-up Prices for Consumers
Throughout the Country*

BALTIMORE, MD (June 11, 2019) - Maryland Attorney General Brian E. Frosh today joined 9 states in filing 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 national mobile network operators would deprive consumers of the benefits of competition and drive up prices for cellphone services. T-Mobile US Inc. and Sprint Corp. are the third and fourth largest mobile wireless networks in the U.S., respectively, and are the lower-cost carriers among the “Big Four.” Verizon Wireless and AT&T - the two largest wireless networks - 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. Since 2009, the average cost of mobile service has fallen by roughly 28 percent, according to the Labor Department, while mobile data consumption has grown rapidly. But the merger would put an end to that fierce competition, which has delivered so many benefits to consumers.

“The merger of two of the country’s largest cell phone carriers is dangerous for consumers,” said Attorney General Frosh. “Reduced competition in a market that only has four major competitors right now will result in higher prices and fewer options for Marylanders. Millions of Americans depend upon cell phones to stay in touch with family, conduct business, access email and the Internet, and to make emergency 911 calls. American consumers deserve more competition, not less.”

Currently, the average U.S. household spends approximately \$1,100 annually on cellphone services. And for many families, especially those with lower incomes, even a small price increase can result in suspension or cancellation of cellphone service.

While T-Mobile and Sprint have made promises that their merger would offer lightning-fast speeds and increased capacity, an investigation led by the attorneys general 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.

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.

The complaint was filed [under seal] in United States District Court for the Southern District of New York. In addition to Maryland, the attorneys general of California, Colorado, Connecticut, Maryland, Michigan, Mississippi, New York, Virginia, Wisconsin, and Washington, D.C. also joined the suit.

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.