

Seven states join the DOJ's lawsuit seeking to block the proposed AT&T and T-Mobile merger

21. September 2011 By Jeanne Long

On September 17, 2011, *The Wall Street Journal* reported that seven states joined the U.S. Department of Justice's ("DOJ") suit to block AT&T's proposed \$39 billion takeover of T-Mobile USA. The DOJ initially filed suit to block the deal on August 31, 2011, alleging that combining AT&T and T-Mobile, respectively the second and fourth largest wireless carriers in the United States, would harm competition and lead to an increase in prices. The DOJ's lawsuit is seen by many as signaling a reinvigoration of the antitrust enforcement mechanisms, which President Obama's administration had previously argued were not stringently enforced during the George W. Bush administration. The legal challenge to the proposed takeover, brought merely five months after the deal was announced, came as a surprise to AT&T. AT&T initially believed the DOJ had moved past challenging the deal to focus on remedies for the government's concerns with the takeover. AT&T vowed to fight the lawsuit in court, while the DOJ has asserted that it is still leaving open the possibility of a settlement.

Now the matter has become more complicated as state attorneys general from New York, Washington, California, Illinois, Massachusetts, Ohio, and Pennsylvania have decided to join the case. It still remains unclear whether a federal court would allow states to block a nationwide merger, but the addition of the states to the lawsuit will likely complicate any settlement negotiations. To illustrate the complications that joining states can add, experts cited Microsoft Corp.'s settlement of its landmark antitrust case, and some states' subsequent challenge of the settlement in federal court. In Microsoft's case, the settlement was eventually upheld, but the states' challenge added years to the settlement process. In the case of AT&T's deal, it still remains unclear how the suit will ultimately be complicated by state involvement.