

# Schumer Urges Look at Security in Sprint Deal

Peter Svensson, AP Technology Writer

NEW YORK (AP) — Sen. Charles Schumer urged regulators to "use extreme caution" when reviewing the proposed acquisition of No. 3 cell carrier Sprint Nextel by Japan's Softbank, saying the Japanese company's use of Chinese networking equipment could open up U.S. networks to snooping and hacking.

The New York Democrat sent letters Friday to the Treasury Department and Federal Communications Commission, both of which are reviewing Softbank Corp.'s offer to buy 70 percent of Sprint Nextel Corp. for \$20.1 billion.

"I have real concerns that this deal, if approved, could make American industry and government agencies far more susceptible to cyber attacks from China and the People's Liberation Army," Schumer said in a statement.

Satellite TV broadcaster Dish Network Corp. has a competing, \$25.5 billion offer for all of Sprint, and has raised the security issue as one reason Sprint shareholders should prefer its bid.

Softbank has offered to remove the Chinese-made equipment that's already in Sprint's network to assuage security concerns.

"SoftBank's proposal, therefore, enhances U.S. national security. Dish has made no such commitment to remove this network equipment," said Megan Bouchier, a spokeswoman for Softbank.

The Pentagon said this month that China appeared to be engaged in cyberspying against the U.S. government, the first time it has made such an assertion in its annual report on Chinese military power. Chinese authorities dismiss the allegations. There have been no reports of Chinese-made networking equipment helping the hackers.

China's Huawei Technologies has in recent years become one of the world's largest makers of telecommunications equipment. Its products are widely deployed except in the U.S., where security concerns have kept it out of the running for most contracts.

Huawei wasn't mentioned by Schumer or Softbank by name. Bill Plummer, a Washington-based spokesman for Huawei, said Schumer's concerns are misdirected. He noted that most non-Chinese companies buy Chinese components,

## **Schumer Urges Look at Security in Sprint Deal**

Published on Wireless Week (<http://www.wirelessweek.com>)

---

have their equipment built in China and employ Chinese engineers. Huawei is singled out for scrutiny, he suggested, because it's Chinese-led.

"No matter who wins the bid for Sprint, the future network will be sourced, in part, from China, just as are the networks of AT&T and Verizon and every other carrier," Plummer said. "Suggestions that networks and data will somehow be made safer by blackballing vendors based on geography of headquarters are either misinformed or dissembling."

Jessica Straus, senior manager of government relations at Dish, previously served as finance director for Friends of Schumer, the senator's campaign organization. Dish spokesman Bob Toevs dismissed that connection as a "sideshow that fails to address the serious national security concerns raised by SoftBank-Sprint."

Softbank hopes to close the Sprint deal on July 1, but needs approval from the FCC and the Treasury Department's Committee on Foreign Investment in the United States.

**Source URL (retrieved on 06/12/2013 - 2:04am):**

<http://www.wirelessweek.com/news/2013/05/schumer-urges-look-security-sprint-deal>