DOJ Signals More Reluctance to Bless Sprint, T-Mo Merger

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Evidence continues pile up that U.S. regulators are anything but keen [1] on a merger between Sprint and T-Mobile.

In remarks made Thursday to the New York Bar Association, Assistant Attorney General of the Justice Department's Antitrust Division, Bill Baer said that since the blocking of the deal between AT&T and T-Mobile "competition in the wireless sector has flourished and consumers have benefitted."

Baer went on to note that shortly after the merger was abandoned, T-Mobile announced a $4 billion investment in modernizing its network and deploying 4G LTE service. Granted, that $4 billion was roughly equal to the break-up fee AT&T paid T-Mobile for the failed merger.

Also referenced in the remarks were T-Mobile's series of recent "Un-Carrier" initiatives, which range from doing away with international roaming fees to the carrier's offers to pay off customer Early Termination Fees if customers switch to T-Mobile.

"These moves are paying off," Baer said, according to prepared remarks [2] published online. "T-Mobile announced gaining 648,000 wireless subscribers in the third quarter of 2013—its second straight quarter of subscriber growth—besting both AT&T and Sprint."

The remarks come as the Wall Street Journal on Wednesday report that DOJ officials told Sprint CEO Dan Hesse and SoftBank CEO Masayoshi Son that any potential Sprint/T-Mobile merger would be met with “skepticism.” [3]

Rumors have been swirling for weeks now that Sprint and Softbank have been lining up the financing for a bid to acquire T-Mobile. The outspoken T-Mobile CEO John Legere has maintained that a tie-up with Sprint would help his company compete [4] against larger carriers like AT&T and Verizon.

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