

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of

Comment Sought On Reserve Prices Or  
Minimum Opening Bids And Other  
Auction Procedural Issues  
PUBLIC NOTICE (DA 02-200)

**Comments of Scott D. Reiter and Vincent D. McBride**

This comment is being submitted to urge the Federal Communications Commission (“FCC”) not to turn its backs on the American small businesses. We lament the lack of input afforded the true small businesses involved in the FCC auction process.

We remained galled by the recent FCC Auction No.35 (C and F Block) that was supposed to *level the playing field* for small businesses and feel maybe this oversight can be rectified in future auctions such as the upcoming Auction No.44 (700 MHz auction).

As we recall, the C and F Block PCS licenses were originally earmarked by the FCC for *American-owned small businesses* in order to satisfy the intent of Congress.<sup>1</sup> The sad fact is that most of these C and F Block licenses that were set aside for small businesses are now in the hands of a select few *international* behemoth telecoms.<sup>2</sup> Not only have *true* small businesses been treated as second-class

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<sup>1</sup> See Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Section 309(j) of the Communications Act Competitive Bidding, Fifth Report and Order, PP Docket No. 93-253 (1994).

<sup>2</sup> **Verizon**, (VZ) 50% owned by the **British** Vodafone (VOD) formed by the merger of Bell Atlantic and GTE operating revenues \$66.5 billion market cap \$141.8 billion.

**AT&T**, (T) 20% owned by **Japanese** (DoCoMo) operating revenues \$60.7 billion market cap \$ 62.7 billion.

**VoiceStream** 100% owned by **German** Deutsche Telecom (DT) which is 50% owned by the **German** Government operating revenues \$40.6 billion, market cap \$65.8 billion.

**Sprint** PCS (PCS) operating revenues \$6.97 billion market cap \$21.6 billion.

citizens in these auctions, we have been effectively frozen out of competition concerning these very same licenses.

It is still unbelievable to us how the FCC allowed “small businesses” that claimed little or \$0 TOTAL assets and \$0 GROSS income to enter Auction No.35 and buy BILLIONS of dollars of licenses.

The FCC should revisit their definition of very small businesses and their affiliation rules to prevent this from happening again.<sup>3</sup> Also we suggest following the recommendations of the Office of Advocacy, U.S. Small Business Administration.<sup>4</sup> Obviously these loopholes render the small business rules meaningless.

A company should not be allowed to claim they are a small business by just forming a new corporation that has \$0 assets and \$0 revenues, but if they are allowed, they should not be allowed to purchase BILLIONS of dollars of licenses. Obviously, if they have NO assets and NO income, and they are indeed independent, as the rules suggest, this over leveraged bidding practice exposes them and the FCC to financial risk. Allowing these large corporate wolves to buy spectrum in sheep’s clothing is nothing more than a blatant skirting of Congress’ intent to allow meaningful true small business competition. By allowing this to occur through the FCC’s loopholes suggests the FCC’s complicity with these huge corporate wolves.

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**Cingular** is a joint venture between BellSouth Corp. (BLS) and SBC Communications Inc. (SBC) SBC operating revenues \$48.4 billion market cap \$146.7 billion, BLS operating revenues \$24.1 billion market cap \$72.5 billion.

<sup>3</sup> Some suggestions for diversity and fairness to small businesses might be limiting the total number or percentages of licenses won by any one company to 20% of the total number of pops in that auction i.e. not less than five companies can win all the licenses or better yet, giving the definition of very small business some real meaning.

<sup>4</sup> WT Docket No. 97-82 6/22/00 Office of Advocacy, U.S. Small Business Administration  
“Only setting aside a portion of PCS spectrum would assure that small businesses have a realistic opportunity to enter the PCS market and compete for customers... in an effort to provide something of a level competitive playing field for small business.”

We feel Auction No.44 should be a chance to involve American small businesses in a truly meaningful way, and rectify the mistakes of auctions past, where the true small businesses have received nothing more than empty promises.<sup>5</sup>

Respectfully submitted,

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January 31, 2002

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<sup>5</sup> See Report No.DC-2621 June 29, 1994 Commission Adopts Competitive Bidding Procedures For Broadband PCS (PP Docket Action No. 93-253) Chairman Reed E. Hundt said, “In the long and tragic history of inequality between races and gender in America, today we are creating the greatest single opportunity ever made fairly available to small businesses, women and minorities. For the first time in our nation’s history, the federal government is creating opportunities in a new industry in which all **Americans** will have a fair chance to compete from day one”. “Entrepreneurs’ C Block” is established, which is designed to fulfill the statutory mandate to ensure that small businesses, rural telephone companies and businesses owned by minorities and /or women (referred to as “designated entities”) have the opportunity to participate in providing broadband PCS. Chairman William E. Kennard “This Plan employs all the tools suggested by Congress to create meaningful business opportunities”.