



NEWS

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See *MCI v. FCC*, 515 F.2d 385 (D.C. Cir. 1974).

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STATEMENT OF COMMISSIONER AJIT PAI ON ABUSE OF THE DESIGNATED ENTITY PROGRAM

Last Friday, the FCC's Wireless Telecommunications Bureau disclosed that two companies in which DISH Network Corp. (DISH) has an 85% ownership stake claimed over \$3 billion dollars in taxpayer-funded discounts when purchasing spectrum in the AWS-3 auction.

Those discounts came through the FCC's designed entity (DE) program, which is intended to make it easier for *small* businesses to purchase spectrum and compete with large corporations. DISH, however, has annual revenues of almost \$14 billion, a market capitalization of over \$32 billion, and over 14 million customers. Its participation makes a mockery of the DE program.

Last July, well before the AWS-3 auction started, I dissented from the FCC's decision to loosen the DE rules for this auction.¹ I explained that doing so was not only unlawful but would "invite arbitrageurs to make creative end-runs around our DE rules." One of my fears was that the FCC was sending the message to big businesses that "anything goes." I didn't expect to be *this* right.

I call upon Chairman Wheeler to immediately launch an investigation into these multi-billion dollar subsidies. One analyst was quoted in a recent press story as saying, "[DISH] just created \$3.3 billion worth of value [for itself]. Now we will see if they get away with it or not." For the sake of the FCC's integrity, American taxpayers, and genuinely struggling wireless entrepreneurs, I hope not.

Moreover, the Commission must reform its rules to stop abuse of the DE program. Unfortunately, the agency is currently headed in the *opposite* direction, having issued proposals last October that would jettison even more of the DE program's safeguards and make it even easier for giant corporations to engage in these types of shenanigans.² We must change course, and soon, by closing loopholes that allow big businesses to rip off the American people to the tune of billions of dollars.

The American people should be outraged about this. I certainly am. And I am determined to do everything in my power to stop it from happening again.

¹ See *Grain Management, LLC's Request for Clarification or Waiver of Section 1.2110(b)(3)(iv)(A) of the Commission's Rules; Implementation of the Commercial Spectrum Enhancement Act and Modernization of the Commission's Competitive Bidding Rules and Procedures et al.*, WT Docket No. 05-211 et al., Order, 29 FCC Rcd 9080, 9087-92 (2014) (Dissenting Statement of Commissioner Ajit Pai), available at <http://go.usa.gov/5PSY>.

² See *Updating Part 1 Competitive Bidding Rules et al.*, WT Docket No. 14-170 et al., Notice of Proposed Rulemaking, 29 FCC Rcd 12426 (2014), but see *id.* at 12510-17 (Statement of Commissioner Ajit Pai Concurring in Part and Dissenting in Part), available at <http://go.usa.gov/wVvA>.