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RPT-UPDATE 2-US FCC compromises on secret bids at wireless sale

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(Repeating to fix reporter information at story end)

By Jeremy Pelofsky

WASHINGTON, April 12 (Reuters) - U.S. regulators voted on Wednesday to conceal key information about bids for valuable wireless licenses during a June auction if they determine competition is limited, in an effort to prevent collusion by bidders.

The Federal Communications Commission had proposed withholding who was bidding for what licenses no matter how many bidders participated, but struck a compromise after opposition from companies and Wall Street investors.

Many carriers, including Deutsche Telekom AG's (DTEGn.DE: [Quote](#), [Profile](#), [Research](#)) T-Mobile, had urged the FCC to find middle ground ahead of the auction that begins June 29.

Economists have said disclosing who is bidding for what license can be used by bidders to signal each other, retaliate against each other or try to keep bid prices down.

"I thought it was important to try to make an effort to foreclose the opportunity to engage in that kind of behavior," said FCC Chairman Kevin Martin, who had initially backed the blanket withholding of bidder information.

The FCC has not used anonymous bidding in about 12 years. The auctions are electronic and usually last several weeks.

Several large private equity firms had warned they would be less willing to back bidders and most of the largest wireless carriers, including Cingular Wireless, opposed the FCC effort to limit available bidding data.

"Many commenters raise legitimate questions about whether there is solid evidence of a problem that needs to be corrected, particularly by an action so sweeping as blind bidding," said FCC Commissioner Jonathan Adelstein.

Winning bidders will be able to use the airwaves to offer advanced wireless services such as video and high-speed Internet access. Analysts have forecast the auction will raise \$8 billion to \$15 billion.

Wireless companies such as T-Mobile are expected to be aggressive bidders in the sale.

The FCC did not announce expected changes to restrictions on the partnerships smaller bidders can have with bigger wireless companies during the auction. But agency officials said they expected to decide soon.

The agency said it would reveal who has received approval to bid in the auction, upfront payments made by bidders and the bids for each license. It also set \$2.06 billion as a minimum that must be raised for the auction to be valid.

The FCC said it would only reveal the bidders for each license if it determines its threshold for competition is met

-- at least six bidders each submitting upfront payments for all of the 1,122 licenses to be sold, for example.

If that threshold is not met, then the FCC will withhold who the bidder was for each license but release the price of the top offer. Normally, after each round of an auction the FCC reveals the bidders' identity and the amount offered.


The agency will determine whether the bidder information will be released after June 1, said Jim Schlichting, deputy chief of the FCC wireless bureau.

Consumer advocates had urged the FCC to approve anonymous bidding and limit partnerships between smaller entrepreneurial bidders and big wireless carriers, arguing it would be fairer and lead to higher auction revenue.

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"The FCC has chosen to bet billions of dollars and the future of the wireless industry on an untested (competition threshold) theory proposed by the very industry that manipulated the old rules," said Harold Feld, senior vice president, Media Access Project.

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