

<http://www.politico.com/news/stories/0611/56660.html>

# POLITICO

## AT&T gave cash to merger backers

By: [Eliza Krigman](#)

June 10, 2011 04:42 AM EST

AT&T is lining up support for its [acquisition of T-Mobile](#) from a slew of liberal groups with no obvious interest in telecom deals — except that they've received big piles of AT&T's cash.

In recent weeks, the NAACP, the Gay & Lesbian Alliance Against Defamation and the National Education Association have each issued public statements in support of the deal.

The groups all say their public positions have nothing to do with the money they received from AT&T. And AT&T says it supports nonprofit groups because it's the right thing to do — and not because of any quid pro quo.

“For decades, [AT&T](#) has proudly supported numerous diverse groups and organizations,” a company spokesperson told POLITICO.

But not everyone's buying it.

“The money that nonprofits receive from their corporate sponsors sticks not only in their bank accounts but in their minds,” Ellen Miller, executive director of the Sunlight Foundation, a nonprofit dedicated to government transparency, told POLITICO. “This is what I think of as deep lobbying — there is an expectation that when push comes to shove, these groups will come out in favor of their benefactors.”

The NAACP was one of the first groups to announce public support of the T-Mobile acquisition. It received a \$1 million contribution from AT&T in 2009 and has received funding in the six figures dating to 2006, according to the group's annual reports.

William Barber, head of the North Carolina chapter of the NAACP, told POLITICO that AT&T's financial support did not influence his group's decision to write to the FCC in support of [the merger](#).

“One of the unique things about the NAACP is that financial support does not determine our civil rights positions,” he said.

Barber also said AT&T consistently ranks near the top of the organization's annual report card on the telecommunications industry.

GLAAD — which has received \$50,000 from AT&T — recently backed the deal as well, saying it had “the understanding that the merger will increase functionality and speed, thus growing engagement and improving the effectiveness of the online advocacy work

that is advancing equality for all,” a GLAAD spokesman said.

“We do not make policy decisions based on what’s best for our corporate sponsors,” Rich Ferraro, a GLAAD spokesman, told POLITICO. GLAAD publicly criticized Comcast’s merger with NBC, a corporate sponsor of the nonprofit, because of the company’s low grade on GLAAD’s Network Responsibility Index, Ferraro noted.

AT&T’s corporate giving arm, the AT&T Foundation, doled out \$62 million in 2009 to support a variety of arts and education programs, charities and organizations. Jim Cicconi, AT&T’s senior vice president and top lobbyist, chairs the foundation.

AT&T’s record of corporate giving is widely touted by recipients, many of whom cite the company’s extensive record on promoting minorities, women, schools and the arts. But some public interest groups question whether the company is cashing in on its status as one of the country’s biggest corporate donors.

The Columbia Urban League received a \$25,000 grant from the AT&T Foundation in 2009 to provide “underserved populations with resources to help their children achieve academic success,” according to the foundation’s IRS Form 990.

On May 27, the group’s president and CEO, James McLawhorn, wrote to urge the [FCC](#) to approve AT&T’s acquisition of T-Mobile.

“In our work, we are often witness to the obstacles minority Americans face when trying to access mobile broadband and its associated benefits. This deal would help extricate the barriers keeping our members from attaining these benefits, working towards the end of the digital divide,” he wrote.

The foundation of the National Education Association — the nation’s largest teachers union — received a \$75,000 grant from the AT&T Foundation last year, the foundation’s IRS filing shows. On Tuesday, NEA President Dennis Van Roekel issued a statement in support of the telecom merger. “Students who do not have access to high-speed Internet are disadvantaged in preparing for the 21st century workforce,” he said. “This merger will have positive and long-lasting effects, and America’s students will be among the biggest winners.”

AT&T is [working hard](#) to win approval of the deal from the FCC and the Department of Justice. It’s not supposed to be a political process, but with Democrats — inherently skeptical of big corporate mergers — in control of both agencies, the company isn’t taking any chances.

It has assembled a platoon of more than 72 outside lawyers and consultants to work the FCC and Justice Department on the deal.

And it’s brought on public relations agencies and other consultants to craft a message that the merger is more about spreading wireless broadband to underserved populations

across America than about enriching the company's shareholders.

To build support, AT&T employees and consultants have been making personal visits and calls as well as holding luncheons.

Out of about a dozen supporters interviewed by POLITICO, the vast majority said they decided to issue a statement supporting the AT&T/T-Mobile deal after being approached this way.

The company has put much of its efforts into winning support from left-leaning groups like labor unions, environmentalists and minorities. Support from these groups may give pause to Washington Democrats who might otherwise rail against wireless industry consolidation.

"It may be a way to try to get Democratic members of the commission particularly," Sherry Lichtenberg, a telecommunications expert at the National Regulatory Research Institute, told POLITICO. "This is a standard way to do things: Figure out which are the strongest constituencies and go for them."

The financial weight of AT&T matters not just in the far-reaching tentacles of the company's philanthropic giving but also in its ability to leverage support.

"AT&T can afford to do everything that money can help with to advance your cause," Nick Nyhart, president of Public Campaign, told POLITICO. "The problem is there is no comparable force to AT&T lobbying on behalf of consumer interest."

"These deals are always a mix of politics and policy," Paul Gallant, an industry analyst with MF Global, told POLITICO, "and AT&T is leaving no stone unturned on the political side."

To be sure, many groups and businesses have come out in support of the AT&T/T-Mobile deal without having received financial support from AT&T.

On Tuesday, several prominent Silicon Valley tech companies and venture capital firms — including Facebook, Oracle and other firms led by executives who dined with President Barack Obama earlier this year — wrote to the FCC urging them to approve the acquisition. The letters touted the promise of expanded mobile broadband.

Many of the groups have bought AT&T's argument that the acquisition will expand access to broadband, which is seen as an economic lifeline.

"We aren't getting anything out of the deal other than expanded service, hopefully," John Boyd, president of the National Black Farmers Association, told POLITICO. He said the organization has not received any money from AT&T.

Some environmentalists also support the deal — and without any financial support from

AT&T.

The Sierra Club views expansion of mobile broadband “as core to the green-energy economy.”

“There are many aspects to this merger; we are looking at one piece of it,” Margrete Strand Rangnes, deputy director of the Sierra Club’s BlueGreen Alliance, told POLITICO. The club’s endorsement came without any prodding or funds from AT&T, Rangnes said.



© 2011 POLITICO LLC

POLITICO video interview: <http://bcove.me/zrhw8879>