

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA, STATE)
OF ALABAMA, STATE OF CALIFORNIA,)
STATE OF IOWA, STATE OF KANSAS,)
STATE OF MINNESOTA, STATE OF NORTH)
DAKOTA, and STATE OF SOUTH DAKOTA,)

Plaintiffs,

v.

VERIZON COMMUNICATIONS INC., and)
ALLTEL CORPORATION,)

Defendants.

Civil No.:

**STATEMENT OF PLAINTIFF UNITED
STATES IN SUPPORT OF THE APPOINTMENT OF
W. STEPHEN CANNON AS MANAGEMENT TRUSTEE**

This Statement is filed by plaintiff United States in support of the appointment of Mr. W. Stephen Cannon as Management Trustee in the above-captioned case. This request arises from a civil antitrust Complaint and stipulated proposed Final Judgment filed on October 30, 2008. The purpose of the Final Judgment is to remedy the competitive problems identified in the Complaint through the sale of the Divestiture Assets as defined in Sections II.D of the proposed Final Judgment, to an appropriate buyer. The success of the Final Judgment in curing the competitive problems identified in the Complaint depends in part on ensuring that the Divestiture Assets are preserved as economically viable and independent prior to their divestiture, and, therefore, the parties hereto stipulated to the Preservation of Assets Stipulation and Order (“Stipulation”). The Stipulation embodies the agreement to preserve and maintain the Divestiture Assets through the

appointment of an independent Management Trustee to manage the assets consistent with the terms and purpose of the Stipulation, and the proposed Final Judgment. This Management Trustee, nominated by plaintiff United States upon consultation with plaintiff States and approved by this Court, will manage and preserve the Divestiture Assets and ensure compliance with the Final Judgment. For the reasons discussed below, plaintiff nominates W. Stephen Cannon to be the Management Trustee and urges this Court to appoint him to serve in that capacity.

Plaintiff believes a familiarity with the management of a mobile wireless business and a thorough understanding of the competitive goals of both the proposed Final Judgment and the Stipulation are essential qualifications for the Management Trustee. As indicated in Exhibit A, Mr. Cannon clearly possesses those qualifications. Mr. Cannon was appointed the operating trustee by the Court in *United States v. AT&T Inc. and Dobson Communications Corporation*, Civ. No. 1:07CV01952 (ESH) (D.D.C. filed Oct. 30, 2007) (“AT&T/Dobson”) and *United States v. Verizon Communications Inc. and Rural Cellular Corporation*, Civ. No. 1:08CV0993 (EGS) (D.D.C. filed June 10, 2008) (“Verizon/RCC”). In his capacity as Management Trustee, Mr. Cannon operated mobile wireless businesses in five different states. Through this experience, he gained industry knowledge and hands-ons operational and financial expertise that will make him fully capable of carrying out the day-to-day responsibilities of the Management Trustee here. Additionally, in his position as Senior Vice President, General Counsel and Secretary of Circuit City Stores, Inc., a Fortune 200 retailer of consumer electronics, he served as a member of the company’s executive committee that developed and directed Circuit City’s business strategy, and had responsibility for the management of all legal and policy issues. Through this experience, he

gained an in-depth knowledge of the consumer retail business and hands-ons operational and financial expertise that will be important in his role as Management Trustee. Mr. Cannon also has more than 20 years experience in antitrust law, including serving as Deputy Assistant Attorney General at the Antitrust Division of the United States Department of Justice. He is aware of the importance of competition and is well qualified to understand and advance the goals of the Stipulation and proposed Final Judgment.


Finally, an extensive conflicts check has revealed no representations that would disqualify Mr. Cannon from serving as Management Trustee. In selecting Mr. Cannon, plaintiff United States considered whether Mr. Cannon's current role as Management Trustee in Verizon/RCC would create a conflict since Verizon receives the revenue generate by, and will ultimately receive the proceeds of the sale of, the wireless businesses he is managing in Vermont, New York and Washington. Although Mr. Cannon's expenses are being paid by Verizon, Mr. Cannon was appointed by the court, he is acting with the supervision of plaintiff United States and the court, and his expenses are paid pursuant to the court's order. As in AT&T/Dobson, Mr. Cannon is not involved in the sale of the Verizon/RCC divestiture assets and those businesses do not compete for customers with the businesses he will be managing pursuant to the proposed Final Judgment and Stipulation in this case. Moreover, the confidentiality obligations imposed by the Stipulation in this case (Section V.E), the Preservation of Assets Stipulation and Order in AT&T/Dobson (Section V.E), and the Preservation of Assets Stipulation and Order in Verizon/RCC (Section V.E) will serve to protect and promote the competitiveness of the businesses Mr. Cannon will be managing. Defendants do not object to the Court's appointment of Mr. Cannon as the Management Trustee.

Accordingly, plaintiff United States supports the appointment of W. Stephen Cannon as Management Trustee.

Dated: October 30, 2008

Respectfully submitted,

FOR PLAINTIFF UNITED STATES:



Hillary B. Burchuk (DC Bar No. 366755)

Lawrence M. Frankel (DC Bar No. 441532)

Jared A. Hughes

Attorneys, Telecommunications & Media
Enforcement Section

U.S. Department of Justice, Antitrust Division

City Center Building

1401 H Street, N.W., Suite 8000

Washington, D.C. 20530

(202) 514-5621

Facsimile: (202) 514-6381

W. Stephen Cannon
1627 Eye St. N.W., 10th Floor
Washington, DC 20006
Office: 202.204.3502
Fax: 202.204.3501
scannon@constantinecannon.com

PROFESSIONAL EXPERIENCE

Constantine Cannon LLP
Washington, DC
Chairman and Managing Partner *2005-Present*

Practice concentrated in antitrust and trade regulation, corporate governance, electronic payments and privacy issues.

Antitrust Modernization Commission *2004-2007*
Member

Appointed by United States Senate Majority Leader. Final report issued April 2007 and Commission terminated.

Circuit City Stores, Inc.
Richmond, VA
Senior Vice President, General Counsel and Secretary *1994- 2005*

Chief legal and public policy officer for Fortune 200 retailer of consumer electronics with approximately \$12 billion in annual sales. Responsible for management of all legal and policy issues regarding corporate governance, SEC/FCC/FTC regulatory matters, antitrust, consumer credit, mergers and acquisitions/divestitures, litigation, employment, intellectual property as well as government affairs. As Corporate Secretary (2002-2005) responsible for the coordination of all Board of Directors meetings and related activities. Member of the Circuit City Executive Committee with direct report to the Chief Executive Officer.

Wunder, Diefenderfer, Ryan, Cannon & Thelen
Washington, DC
Partner *1986-1994*

Practice concentrated in antitrust, trade regulation and administrative law involving both litigation and regulatory matters as well as legislative advocacy.

United State Department of Justice
Washington, DC
Deputy Assistant Attorney General, Antitrust Division *1985 -1986*

Responsible for coordinating policy positions on antitrust matters, including all antitrust legislation. Also responsible for all Antitrust Division appellate matters

W. Stephen Cannon

Office (202) 204-3502

Fax (202) 204-3501

PROFESSIONAL EXPERIENCE (continued)

United States Senate Judiciary Committee

Washington, DC

Chief Antitrust Counsel

1981-1984

Staff responsibility for all antitrust legislation, as well as Department of Justice Antitrust Division oversight. Coordinated preparation for hearings, committee mark-ups and floor debates.

U.S. Justice Department

Honors Law Graduate Program

Washington, DC

Trial Attorney, Antitrust Division

1977-1981

Trail lawyer in Special Litigation Section. Particular focus on antitrust enforcement in the health care industry and the professions

Supreme Court of South Carolina

Columbia, SC

Law Clerk to Justice C. Bruce Littlejohn

1976-1977

EDUCATION

University of South Carolina.

Juris Doctorate

1976

University of South Carolina

Bachelor of Arts

1973

BAR MEMBERSHIPS

South Carolina

District of Columbia

PROFESSIONAL ACTIVITIES

American Bar Association, Section of Antitrust Law

Member, Section Council

Chair, Legislation Committee

American Bar Association, Special Task Force on Attorney Client Privilege

National Chamber Litigation Center, Board of Directors