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Networks for Nothing, Fraud for Free: MCI's "WorldCom Whitewash Waltz"

By: Senior Fellow John Wohlstetter

N.B. The June 27, 2003 issue of Bandwidth discussed some of the items that follow. Those discussed earlier are presented in shorter form here, along with major developments since then. The result is to give the reader an all-in-one picture of the full suite of WorldCom's most salient misdeeds, from a telecom policy perspective, as the company re-enters the market. (The reader is spared corporate governance reforms and gory accounting tales) Because the narrative is necessarily historical, WorldCom and MCI names are used—WorldCom only became MCI officially in late April 2004.

Washington's policy establishment has managed the seemingly impossible: making the WorldCom mess even worse. In less than one year the feds have completed a trifecta. First, last May the American authorities in Iraq awarded WorldCom the first postwar telecom contract, shoving aside a better-qualified American-Australian team. Second, last fall the bankruptcy court (a) approved an SEC settlement with the company, imposing a civil fine that is less than the amount the firm won in federal contracts in 2002; and (b) on October 31 approved a Chapter 11 financial re-organization. Having exited bankruptcy this April shortly after its former CEO, Bernard Ebbers, was indicted for fraud, the company traded its inglorious name for the famed initials of the carrier it acquired in 1998, MCI. Third, to complete the trifecta the FCC blessed post-bankruptcy MCI's continuation in long distance with its brand-new upgraded nationwide fiber-optic network paid for by discharging its massive debt. The agency did so despite credible allegations of even more massive misconduct by WorldCom, including evasion of state taxes due, several forms of fraudulent avoidance of fees due other carriers, and overcharging of customers.

Step One: Desert Daze

Begin with the foreign policy finagling. On the very day that the SEC announced its proposed settlement with WorldCom, the firm was awarded the first telecom contract in postwar Iraq: a \$45 million wireless network for reconstruction authorities, serving up to 10,000 users. In choosing WorldCom the government pushed aside a planned joint bid by AT&T and Telstra, the flagship carrier of coalition partner Australia. That AT&T and Telstra have actually built wireless networks, whereas WorldCom never has, did not faze the feds, although given the need for rapid build-out of a reliable network one would normally have selected established players with a successful track record.

The May 19 Iraq award came just in time. Last July 31 the General Services Administration (GSA) announced the immediate suspension and proposed debarment of WorldCom from bidding on federal contracts, citing inadequate internal controls and minimal implementation of the strong business ethics reform promised by new management. GSA lifted its suspension after five months, conditioned upon the company implementing new business ethics and internal control measures for three years.

Step Two: Money Maze

The bankruptcy court, having approved the SEC settlement, chose Halloween to approve the final re-organization. How fitting. Three reviewers of WorldCom's fraud and corporate governance abuses had filed reports with the court. Yet one of the three, Bankruptcy Court Examiner Richard Thornburgh (Attorney-General for Bush 41), *had not yet filed his final report*. The prospect that Thornburgh might turn up more goblins did not faze Judge Arthur J. Gonzalez.

Already overtaken by events are two earlier “green-light” reports filed with the court. First was a special investigative committee report commissioned by WorldCom’s Board and chaired by Johnson era Attorney-General Nicholas Katzenbach, which reported last spring that problems had been fixed, bad apples tossed and the company re-made. But shortly after publication of the Katzenbach report several top officers were forced to resign in the wake of further disclosures.

A second report, similar in tone, was filed with the court in August by Corporate Monitor Richard C. Breeden (SEC Chairman under Bush 41). Breeden called for 78 corporate governance reforms, including unprecedented reliance on outside directors. Breeden’s report stated that “it is one thing to ‘talk the talk’, but what is really important is to ‘walk the walk’ when it comes to ethics.”¹

Thornburgh Trumped?

The bankruptcy court acted despite a June 2003 interim report filed by Bankruptcy Court Examiner Richard Thornburgh finding that WorldCom’s corporate culture led employees to remain silent, rather than disclose wrongdoing.² In his final report, issued January 26, 2004, Thornburgh added two major findings: (1) WorldCom faces liability exposure in the hundreds of millions of dollars for evading state income taxes through speciously claimed intellectual property royalties;³ and (2) since Thornburgh issued his June 2003 report “the extent and cooperation from the Company and third parties decreased in a noticeable manner.”⁴ The second installment prompted several high-level resignations that gave counsel a “road map” showing where the Examiner was headed. Subsequently, potential targets and witnesses clammed up.⁵

Tax Tango: The Value of Bernie’s Brain

WorldCom used the tax code quite creatively—in Thornburgh’s amply buttressed view, too creatively. For 1998, 1999, 2000 and 2001 WorldCom, with consolidated net revenue of \$6.9 billion, booked \$21.2 billion of telephone service revenues through a Delaware subsidiary. The company sought to avail itself, after merging with MCI, of the state’s corporate-friendly zero tax rate on intellectual property by characterizing revenues as royalties.⁶

WorldCom’s “intellectual property” claim (per Dave Barry, I am *not* making this up) was primarily an alleged profit premium attributed to what their accountant, KPMG, called “the foresight and investments made by top management”—yep, the applied gray matter of Bernie and friends. Creditors have petitioned the bankruptcy court to declare the royalty tax transactions sham, asserting they had no valid business purpose.

The Examiner’s final report concluded that KPMG’s prime example of “management foresight,” cited to justify tax treatment under intellectual property rules, was (yep again): “management’s ‘strategy’ to provide customers ‘end-to-end bundled services over a global network’” In the telecom world this “foresight” is the intellectual equivalent of the Weather Channel envisioning a thunderstorm as tons of water falling, with wind gusts and lightning strikes.

But—listen up, FCC—KPMG *did not disclose this purported basis for claiming favored tax treatment when filing applications with various states*. The sleepest state bureaucrat would have shot that one down. So, KPMG represented the intangible assets as essentially akin to trademarks, trade names, service names, etc., a claim the Examiner terms “misleading.” Worse, the company’s licensing agreements re royalties only

apply to assets that are “confidential and proprietary.” Yet management’s great “foresight” on end-to-end bundling of services was published in the company’s annual reports and in its Form 10-K financial disclosure filings with the Securities and Exchange Commission, making Bernie’s vision as confidential as yesterday’s weather.

WorldCom transferred revenue to its royalty subsidiary by charging business units—on paper, at least. The Examiner concluded that the transactions, valued at more than *triple* the firm’s 1998-2001 revenues—were paper transfers only. It also found “no economic substance” to the transfers—thus rendering them “sham” transactions. *Some business units paid over 90 percent of their revenues in the form of royalty payments for this strategy—which they could have learned equally well by reading the Form 10-K, or by reading the business section of the local newspaper.* Further, to qualify for favored tax treatment intangible assets must have value independent of the services provided by any individual.

Fourteen states have filed claims against the firm for non-payment of back taxes. WorldCom executives—including one tax department chief, claim no knowledge of KPMG’s royalty scheme. *A tax play yielding revenues (if real) for one subsidiary that amounts to more than triple the parent firm’s consolidated revenues four years running somehow escaped their notice.*

Step Three: FCC Haze

The FCC’s current position is to keep MCI afloat, fearing the market impact of losing AT&T’s strongest long distance competitor. This is the latest example of its longtime “competitor welfare” standard of competition—protecting favored classes of firms. Usually such protection comes at the expense of the local (Bell) companies; here it also harms WorldCom’s long distance competitors.

The FCC has a better option. It has the authority to revoke radio licenses for want of good character. Repeated deception and misrepresentation have qualified for revocation in the past, on the part of firms who inflicted far less damage than did WorldCom. That a firm facing revocation installs new management is beside the point; it sets a precedent that allows guilty firms to avoid penalty by a mere executive suite shuffle. Thornburgh did expressly limit his findings to prior top management, and neither questions the integrity of present management nor of most WorldCom employees. Still, a “shuffle” defense undermines the FCC’s “good character” licensee standard.

From the Memory Hole: Forgotten Flim-Flam

Largely ignored at the FCC has been WorldCom’s other already-established fraud, arguably the most damaging of all: WorldCom’s inflation of Internet traffic figures. As the late-‘90s carrier of half the traffic on the Internet, WorldCom’s pronouncements on traffic growth were taken as gospel by both the public and private sectors. It accurately reported that Internet traffic doubled every quarter for 1995 and 1996—a sixteen-fold jump each year. But WorldCom did not disclose to the world that, beginning in 1997, traffic growth slowed to roughly a single doubling per year. While still impressive, widespread public knowledge that Internet traffic growth had leveled off would have tempered the telecom investment boom, and also the resulting stock market and Internet bubbles.

Understanding this point is critical. Picture a chart with years on the horizontal axis and Internet traffic on the vertical axis. It shows a steep rise for 1995 and 1996, then a sharp decrease in the upward slope starting in 1997. Would Wall Street have tossed out so many billions to upstarts seeking funding for yet another fiber network if they saw traffic growth slowing from sixteen-fold

to a mere doubling each year? Would equipment vendors have ramped up production to meet anticipated demand? In effect, the traffic hype induced the financing of networks that would not otherwise have been built, inducing fiber firms and equipment vendors to spend tens of billions of excess dollars. These network investments now sit idle, their upstart-creators mostly broke, with equipment stocks selling at distressed prices.

A Nifty Network for Nothing

WorldCom's \$41 billion debt, much of it incurred to invest \$38 billion over six years to upgrade its nationwide fiber-optic network, is now MCI's \$5.5 billion. With \$35.2 billion indebtedness discharged in bankruptcy, MCI thus owns a state-of-the-art network at near-zero cost. Call it Networks for Nothing, Inc. True, MCI has lower profit margins than its rivals, only \$2.3 billion in cash left after settling with creditors and faces post-bankruptcy resumption of interest payments on its remaining debt (suspended for the duration of court proceedings). But it has far less debt to carry than other long distance players.

The four Bell companies have won FCC approval to offer long distance in all states save one. Add AT&T and Sprint, and the six carriers combined shoulder \$129.4 billion of debt (Verizon, at \$45.4 billion, and AT&T, at \$41 billion, stand to be hurt the most).⁷ They will find themselves competing against a company with an artificially low cost structure that does not reflect the true cost of building a network. AT&T has happily availed itself of discount access to the Bell networks since 1996, courtesy of the FCC and compliant state commissions. Now AT&T finds itself hoist by its own *pétard*. The Bells, for their part, may savor the delights of *schadenfreude* at the expense of AT&T, but will also share AT&T's pain when WorldCom's freebie network enables savage price-cutting. Consumers will cheer in

the short run, but should their long distance service deteriorate they may reconsider.

Will Summer Skeletons Trump the Trifecta?

Disclosures last summer alleging additional types of corporate fraud seem to justify Thornburgh's June 2003 warning. Federal prosecutors are investigating allegations by Verizon, SBC and AT&T that from 1994 onward MCI (which merged with WorldCom in 1998) deliberately altered traffic routing to disguise point of origin, so as to avoid paying hundreds of millions of dollars in access charges. Access charges are imposed when long distance firms bring traffic to local carrier networks, and are the biggest operating expense for long distance firms. (Capitalizing access costs was one of WorldCom's mortal accounting sins.)

SBC and Verizon allege that MCI routed traffic through intermediate carriers to disguise the true origin of incoming calls. This made them appear to the Bells as if they were local calls, when in fact they were long distance. Under FCC rules the Bells must charge local carriers less for network access than the access fees paid by long distance carriers. MCI thus paid less than its full access bill.

AT&T alleges that by routing traffic through small Canadian carriers and then on to AT&T's network, MCI disguised its own traffic to look like AT&T traffic. AT&T thus wound up paying access charges to the Bells that should have been paid by MCI. AT&T has filed a civil racketeering suit against MCI. (MCI, for its part, accuses AT&T of similar access traffic fraud; even if true it is not part of a pattern of pervasive corporate fraud, and should not exonerate MCI.)

If true, not only did MCI defraud carriers, it also would have defrauded *its own customers*. Users pay a monthly flat charge to cover access costs associated with their long distance calls, but carriers bill themselves on a per-call basis. Because MCI collects the same flat charge from its customers regardless of how it settles with other carriers, inter-carrier cost avoidance savings need not be passed on to the unaware customer.

A related customer issue is whether MCI re-routed calls for customers who pay for “least-cost” routing, usually government agencies or business firms. MCI’s access charge-evading routes might not give such customers the lowest-cost service to which they were entitled. In such cases MCI would be in contractual breach of its obligation to the customer.

The company denies all charges, but the aggrieved carriers have conducted sophisticated tests they believe verify the deceit. In an August 12, 2003 filing with the FCC, Verizon presented evidence that MCI’s billing alteration was deliberate. Long distance calls are routed through two carrier databases. One identifies geographic area; the other identifies the calling party’s number. Several recipient customers complained to MCI that inaccurate call-origin data fooled their Caller ID. MCI then directed the intermediate carrier, DataVon, to cease substituting an altered calling number. Restoring the accurate call-origin data enabled the recipient customer’s Caller ID to work properly. *Thus, MCI knew that the intermediate carrier was supplying Verizon’s customers with spurious call-origin data.*

New charges keep popping up like kudzu. A former MCI employee accused the company of overbilling international private line customers—many of them government entities, including the Department of State—by \$14 million. Customers were billed estimated charges, pending completion of the international settlements process. If intra-carrier settlements with international tele-

com companies showed that the accounts were due a refund, MCI allegedly pocketed the money due the customer. One customer investigated its billings and obtained a \$1 million refund from MCI.

Sooner Swooner: Oh Oklahoma!

The very week that MCI announced that its total accounting misstatements hit \$74.4 billion (\$10.6 billion accounting fraud; \$63.8 billion overstated earnings)—a number many countries would happily accept for GDP—the attorney-general for the “Sooner State” cut a deal with the company he was prosecuting for fraud. In exchange for the state’s dropping all charges, MCI agreed to add 160 jobs per year, for ten years, to its staff in Tulsa, where WorldCom had cut employment from 4,600 down to 2,000. The jobs will come from reductions elsewhere. So for a zero-sum switcheroo MCI gets off the hook on fraud charges. Nice trade. It seems that Oklahoma learned from the FCC’s own merger extortion precedents: use the law to trade for politically more valuable plums.

While Fourteen Fight On

Fourteen states have petitioned the bankruptcy court to award them \$500 million as compensation for the royalty income tax shelter that KPMG concocted to avoid state income tax liabilities, which the states label a “sham.” The states further seek to have KPMG removed as auditor and tax adviser of MCI, and be made to repay the company \$146 million in fees paid. Even if the states take the Oklahoma route and settle with MCI, this remains a live issue for the FCC to consider under its “good character” radio license rules.

Tales From the Crypt: MCI Scores on a Screen Pass

Such shenanigans are nothing new. In fact, MCI owes its very entry into the public long distance business to its having successfully hoodwinked the FCC. The story, in a nutshell, is this. In 1971 the FCC gave MCI and other “specialized common carriers” the right to provide private line services. The agency had in mind “new services [and] latent but undeveloped submarkets for existing services.” In 1974 MCI filed its *Execunet* tariff (a schedule of rates for providing specified services) with the FCC to offer “shared private line” service. Early in 1975 an AT&T lobbyist called on a top FCC staffer and invited him to dial an *Execunet* number from a phone in the hallway. The staffer did so, and reached the Chicago weather service. Thus did the FCC learn that MCI was in fact providing public long distance voice—“new services” indeed. The FCC ruled *Execunet* unlawful.

A federal appeals court panel vacated the FCC’s order, despite conceding that *Execunet* was not defined in the tariffs, and that only when “put together in a particular way” did it create a public offering. Political winds had shifted by then, with the Carter Administration and new Congress pushing deregulation, so the FCC eventually ruled in MCI’s favor. MCI Chairman William McGowan had repeatedly assured Congress, the FCC and the public over the years that MCI had no intention of offering public long distance.⁸

Not only was MCI uninterested in developing truly novel services, contrary to its high-tech reputation, MCI was never a serious technology company. Contrary to widely held belief, MCI, founded in 1963, did not introduce terrestrial microwave communications technology. AT&T did, in 1946. Nor was MCI the pioneer in fiber optics, introduced first in 1977 by GTE (now part of Verizon), and first used for long distance in

1981 by British Telecom. As late as 1983 MCI made an industry record investment in satellite capacity. In sum, MCI owed its early success to clever lawyers and slick PR.

FCC, Where Art Thee?

The remedies to date—a \$750 million civil fine by the SEC (shareholders to receive \$500 million cash and \$250 million stock in the new MCI), plus accounting and governance reforms, prosecution of high-level executives with more indictments perhaps to follow, and partially paying off creditors via bankruptcy—are not enough. They simply ignore elephants in all four corners of the room: (1) damage inflicted upon equipment vendors and WorldCom’s competitors, due to market distortions caused by the Internet traffic fraud; (2) likely further damage to be inflicted on competitors by the new debt-relieved MCI, whose artificial cost structure creates a firm with no-cost network; (3) various apparently fraudulent scams at the expense of carriers, customers and state tax authorities; and (4) flagrant flouting of the FCC’s radio licensee good character standards.

Forget “too big to fail.” The US does not need seven long distance carriers. Three or four is a more realistic number for the future, with vertical re-integration of local and long distance economically inevitable once regulators reconcile themselves to the fact that the marginal cost of calling across the street and calling cross-country is the same. Propping up WorldCom by lowering its cost and allowing it to survive harms competitors who follow the law. *Yes, the competitors are self-interested, but so is WorldCom.* The competitors are right. (Not that WorldCom will escape entirely the impact of the FCC’s seven-carrier policy: having laid off 1,700 employees in January, it announced March 26 that it would lay off another 4,000, for a total ten percent reduction so far this year.)

The FCC should cancel WorldCom's licenses, which would force the company into a Chapter 7 liquidation of assets rather than the Chapter 11 financial reorganization just approved by the bankruptcy court. Chapter 7 liquidation means that the firm's assets are auctioned off to the highest bidder(s) at a price reflecting the outstanding debt; a Chapter 11 financial reorganization leaves the firm intact, with reduced debt. Unlike a Chapter 11 proceeding, Chapter 7 yields a realistic market cost structure. As for the firm's 50,000 (post-layoff) employees, in liquidation many will follow the assets. The travails of the rest will be real, but so will be the hardship to those who lose jobs if a post-Chapter 11, debt-light MCI bankrupts its competitors.

The FCC retains responsibility to limit damage to the marketplace due to WorldCom's bankruptcy. The bankruptcy court's mission is different. As stated by Judge Gonzalez in approving the reorganization plan: "The primary goal of Chapter 11 is to promote the rehabilitation of the debtor." For its part, the SEC aims to promote financial and management integrity. The Justice Department puts crooks behind bars (it also polices civil antitrust). However, actions taken by other federal agencies do not discharge the FCC's task.

White House Wake-Up Call

Will federal punishment be limited to forcing an executive shuffle, imposing a fine and a five-month federal contract debarment, against a firm that perpetrated the largest financial fraud in American business history, plus Internet traffic fraud of staggering proportion? Where is the outrage we saw for Enron, when WorldCom's frauds make Enron's pale by comparison? And if concern for 55,000 WorldCom employees is grounds for ignoring massive multiple frauds, why wasn't such solicitude shown for Arthur Andersen's thousands, the vast majority of whom, as with WorldCom, had no connection whatsoever with

Enron's fraud? Are transparent multi-billion dollar tax scams no big deal? Credible allegations of avoiding fees due other carriers? Overcharging customers—including the federal government?

The White House needs to provide adult supervision. If one year ago an investor had sunk \$1,000 into WorldCom it would be worth less than \$5 today; for Nortel the same investment would be worth roughly \$50 (an investment in Enron would have fallen in between—some triple WorldCom's value but one-third Nortel's). If instead the investor had bought \$1,000 worth of beer and consumed it, turning in the aluminum cans would have yielded \$214. Does an Administration whose chief executive is a teetotaler want to send that message to Wall Street?

The telecom sector has experienced enough damage, much of it wrought by federal and state regulators, and needs no more. Harm done to the telecom sector will slow economic growth, hardly good for the economy – or the White House. Someone high up in the White House should pick up the phone (it's a local call) and press the FCC commissioners to order an immediate, accelerated agency investigation of all unresolved charges. Should any substantial allegation be proven, MCI's radio licenses should be revoked, thus triggering Chapter 7 asset liquidation. Economic sanity would be restored to the long distance market and, perhaps more importantly, a minimum standard of FCC corporate licensee conduct and accountability will be re-affirmed. And if a Republican White House ignores the issue, will the opposition, whose leader accuses the White House of favoring the rich?

MCI's "WorldCom Whitewash Waltz" may finally be tripped up by proliferating prosecutions—that is, assuming other states do not follow Oklahoma's lead. WorldCom and MCI were indeed a marriage made in Hell, with corporate corner-cutting cultures to match. Increas-

ingly, MCI seems to stand for “More Charges Incoming.” The tax scam alone smells like mackerel left out on the dock. The time to cut telecom industry losses is now. Despite a modest cyclical rebound due to the recent spurt in economic growth, the sector faces rough sledding for years in any case, in no small measure due to unwise FCC rulings. Saving MCI per “too big to fail” will only make a mockery of FCC radio licensee character standards, and prolong the telecom industry’s agony.

[ET CETERA]

Kiddie Calls. A Yankee group study found that 56 percent of 11- to 17-year-olds share a phone. The younger set is not sleeping, either: Circle 1 Network sampled 8- to 10-year-olds and found 29 percent already having cellphones, with another 54 percent desiring them. Yankee also found that whereas adults send fewer than 20 text messages monthly, for teen and pre-teen users the monthly average is 50.⁹

Wireless World. Nokia's Chairman/CEO predicts that today's 1.3 billion mobile phone users will jump to 2 billion and 2008 and 4 billion by 2015; the latter figure is roughly half the world's estimated population in 2015.¹⁰

Do-Not-Call List: Election Fallout?. WorldCom's latest 4,000 employee layoff is, the company claims, primarily due to call center cuts brought about by the telemarketing law, albeit neither AT&T nor Sprint have to date blamed force reductions on telemarketer woes. The FTC's Do-Not-Call Registry hit 58.5 million numbers as of March 26, and is adding 200,000 per week.¹¹ Look for more call centers to close this year. Will a wildly popular law cost Bush votes, as laid off workers vote for Kerry while those on the FTC list vote on other issues?

Cell Ed—and Cell (almost) Dead. Today's college students wirelessly converse on average five hours daily, whilst devoting 15 percent of their day to class and seeing professors.¹² Meanwhile a student in New York City twice refused to give a mugger his blue Nokia 3390—and was shot after each refusal. The student fled, using his cell to call 911. He explained: "I was kind of stubborn. I felt this is the only way I can get in touch with somebody."¹³

Canadian (Online Music) Club. A Canadian federal judge ruled March 31 that peer-to-peer file sharing of copyrighted music is legal in Canada. The recording industry plans to appeal.¹⁴

IM Goes Mainstream. A Gartner Group study estimates that 70 percent of businesses used IM by year-end 2003, and that by year-end 2005 IM users will hit 182 million, and supplant e-mail as the prime business communication tool.¹⁵

"Do-Not-Spam" Slam. Nearly all commenting parties filing with the Federal Trade Commission opposed creation of a "do-not-spam" counterpart to the agency's wildly popular "do-not-call" list. Although spammers cost business more than \$10 billion annually, the Direct Marketing Association contends that a do-not-spam rule would cost the US economy \$12.5 billion annually, plus cause a significant drop in the \$33 billion consumers spend in response to e-mail ads.¹⁶

(Endnotes)

¹ References here are footnoted in the author's June 27, 2003 issue of *Bandwidth, Networks for Nothing, Inc.: WorldCom Unbound*. < <http://www.discovery.org/scripts/viewDB/index.php?command=view&program=Technology%20and%20Democracy%20-%20Bandwidth&id=1681> >

² *Id.*

³ *Third and Final Report of Dick Thornburgh*, Bankruptcy Court Examiner, p. 11 (Jan. 26, 2004).

⁴ *Id.*, p. 26.

⁵ *Id.*

⁶ *Id.*, pp. 11-13, 27-106. All references in the tax/royalty discussion are found in these pages.

⁷ The other four carrier figures: Sprint, \$19.2B; SBC, \$17.9B; Qwest, \$17.5B; BellSouth, \$15B.

⁸ For a first-rate account of MCI's bait-and-switch, see Steve Coll's *The Deal of the Century: The Breakup of AT&T*, pp. 83-91 (Atheneum 1986).

⁹ *Hey Kid, Your Backpack is Ringing*, nytimes online, 3/18/04.

< <http://www.nytimes.com/2004/03/18/technology/circuits/18kids.html> >

¹⁰ *Nokia: Half the World Will Have Cell-Phones by 2015*, usatoday.com, /2/25/04.

< http://www.usatoday.com/tech/techinvestor/2004-02-25-mobile-world_x-htm >

¹¹ *WorldCom To Lay Off Workers at Call Centers*, Washington Post, p. E1, March 27, 2000.

¹² *Cellular Static on Campus*, Washington Times, p. B5

(March 28, 2004). Source: Edward C. Smith, Director of American Studies, American University.

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¹⁴ *Judge: File Sharing Legal in Canada*, CNET News.com, 3/31/04.

< <http://www.msnbc.msn.com/id/4639920/> >

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¹⁶ *Companies Protest Any Do-Not-Spam List*, Washington Times, p. C8 (Apr. 13, 2004).

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Questions and comments may be emailed to:

<mailto:wohlstetter@discovery.org>