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Firm Seeks FCC Review of Free Internet-Service Plan

By **COREY BOLES**

August 16, 2007; Page B3

The Federal Communications Commission is seeking to shut the door on a plan by a group of Silicon Valley entrepreneurs to offer free wireless broadband Internet service nearly everywhere in the U.S., the chief executive of the group said.

M2Z Networks Inc. issued a statement in which it said it would take the FCC to court in an attempt to force the agency to conduct a thorough analysis of the plan before it determined whether it would back it.

The Menlo Park, Calif., company has proposed taking 25 megahertz of spectrum that is currently vacant and using it to build a wireless broadband Internet network to provide free service to 95% of Americans within a decade.

In addition to the backing of well-known Silicon Valley venture capitalists who count among their earlier investments Amazon.com Inc., Netscape, **Google** Inc., social-networking site MySpace and TiVO Inc., the plan has the backing of a number of prominent lawmakers.

"Every American should have access to high-speed broadband Internet service," said Democratic Rep. Anna Eshoo of California. "It's beyond me why the chairman of the FCC would be circulating an order within the commission to kill the M2Z application."

According to John Muleta, a former head of the FCC's wireless bureau and now chief executive of M2Z, the group was informed last week by FCC Chairman Kevin Martin's office that Mr. Martin had circulated a proposed decision to the other four commissioners that would deny M2Z's plan. An official in another commissioners' office confirmed that Mr. Martin had circulated a letter suggesting the plan be declined.


An FCC spokesman declined to comment.

In order for the M2Z plan to succeed, it would require the FCC to hand over 25 megahertz of spectrum, which goes against a principle established a decade ago that the agency should sell off any spectrum in an auction. In exchange for being given the spectrum, M2Z would return 5% of any gross revenue its network derived to the U.S. Treasury. The company would then use that spectrum to construct a wireless broadband network covering 95% of the U.S. population within 10 years.

The company would seek to gain a return on its investment by offering access to the network on a wholesale basis. A group of high-tech companies including Google, **Intel** Corp., **eBay** Inc. and **Yahoo** Inc. had lobbied the FCC to mandate that another swath of spectrum being sold early next year be operated on a wholesale basis. The companies were ultimately unsuccessful in their campaign.

In March, CTIA, the wireless industry's Washington lobby group, urged the FCC in a filing to "move

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immediately to dismiss or deny M2Z's application." The group opposes the proposal because it said it would circumvent the agency's auction process.

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