

# FCC wants limits on spectrum 'front' firms

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The FCC is proposing limits on the amount of backing major telecom companies can provide for smaller firms bidding on wireless spectrum.

Commission Chairman Kevin Martin wants to deny discounts on spectrum to start-up companies that have more than 33-percent backing from communications companies with a minimum of \$125 million in revenue, according to a report in Wednesday's USA Today.

The current rules for the long-awaited spectrum auction allow small businesses and minority-owned enterprises a 25-percent discount on the spectrum they win in June. The costs, however, remain high enough that many firms need a partner with deeper pockets.

Critics of the approach contend that small companies ultimately amount to little more than fronts for their benefactors' expansion into new markets; however, there are others who warn that the limits proposed by Martin would effectively push small wireless businesses out of the auction altogether.

USA Today said Martin said recently that promising start-ups could still obtain backing for the auction from the venture-capital sector.

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