AT&T’s acquisition of T-Mobile USA may falter under the regulatory approval process. On Aug. 31st, the DOJ, subsequently joined by several state attorneys general, filed an antitrust suit to block the acquisition. Last Thursday, AT&T attempted to withdraw the deal from consideration by the FCC. Should the deal fail, both sides will face repercussions. Deutsche Telecom AG, T-Mobile’s owner, will have to pay AT&T a $4bn breakup fee, and AT&T will have to hand over $1bn of its spectrum to Deutsche Telecom.

Sheryl Sandberg Thinks that Zuckerberg’s “Law of Sharing” Will Lead to a Wave of Caring

Once a year, The Economist engages in the act of telling our fortunes through its “The World in…” publication and through the Cassandra blog. This year, Sheryl Sandberg, the COO of Facebook, joined the prognostications as an optimistic soothsayer with respect to all things social media. She argues that as individuals become more deeply engaged in social media, technology will “unite rather than separate us.” Sharing will generate caring and technology will play an increasing role in civic and political engagement. Governments will also take advantage: Iceland used social media to engage citizens in revising a law and the government of New Zealand used technology to send social services to people who lost their homes due to an earthquake.

The Limited Impact of Dodd-Frank on Shareholder Power

The Dodd-Frank Act promised increases in all types of shareholder powers, but it has been more than a year since its passing and shareholders may be scratching their heads. This summer, SEC rule 14a-8 empowering some shareholders to propose election and nomination procedures for directors was squashed by the Court of Appeals for the D.C. Circuit in Business Roundtable v. SEC. Dodd-Frank also introduced Section 14A enabling shareholders to cast advisory votes on executive compensation. A new paper from Cleary Gottlieb summarizes the dismal empirical facts on “say-on-pay.” In 2011, while there were thousands of annual meetings only 40 companies received negative “say-on-pay” advisory votes in which shareholders disapproved of proposed compensation. Although these votes are meant to be purely advisory, 10 derivatives suits have been filed following the votes and only one survived motions to dismiss. On a related matter, the Delaware Court of Chancery dismissed a “wide-ranging” suit by Goldman Sachs shareholders challenging the compensation practices at the sterling investment bank. The Court noted that the decision on what compensation is appropriate to retain and incentivize employees is a core function of directors exercising their business judgment rule. Read more here.

Editors: Marianna B. Ofosu, Jackie Carter and Taylor Hedrick
With contributions from the YLBS Board and members