Washington Internet Daily

Covering Legislative, Regulatory and Judicial News Affecting Internet Business. From the Publishers of Communications Daily.

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BELL DEREGULATION REQUESTS

for Internet backbone service rouse opposition from CLECs, rural telephone companies. (P. 2)

BETONSPORTS PROSECUTION

won't kill European Internet betting firms, but could force changes in their business models, experts say. (P. 4)

EMI TO SUPPLY MUSIC VIDEOS for

Microsoft's coming Zune devices. Terms, schedules sketchy. (P. 5)

CAPITOL HILL: House panel's turning in suspected purchasers of child porn probably unconstitutional, group says, but no lawsuit planned... TIA asks Senate to take up telecom bill. (P. 6)

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COURTS: Wiretap ruling won't hold, legal experts say, citing holes in ruling. Administration will appeal. (P. 7)

White House Meetings Discussed on Porn Industry Self-Regulation

White House officials may participate in a series of industry roundtables on private efforts to label Web content and help law enforcement root out child porn and predators, the executive behind the roundtables told us. Internet Content Rating Assn. (ICRA) CEO Stephen Balkam also said his group met in June with family-values supporters thought to have influence with the Administration -- the Heritage Foundation, Family Research Council, Concerned Women for America and an aide to Sen. Coburn (R-Okla.) -- to look for common ground on the proper balance between govt. requirements and industry efforts.

The issues have been a hot topic in Congress this year, and a source of worry for activists. Nineteen-year-old Justin Berry testified that, starting at 13, he performed sexual acts transmitted by webcam to a paying adult audience, and he's helping law enforcement track down those former customers (WID April 5 p1). Digital liberties advocates are fighting bills on mandatory website labeling, jail time for enabling child porn transactions and blocking access to social networking websites at schools and libraries (WID Aug 4 p3). "Child protection and free expression" are the theme of a panel discussion at the Progress & Freedom Foundation's (PFF) Aspen conference this week, featuring representatives from Microsoft, MySpace.com, Qwest and Comcast. The Center for Democracy & Technology and PFF are planning Hill briefings for this fall to warn against the congressional proposals.

Involvement by the Bush Administration has long been sought by ICRA, Balkam said. The Clinton Administration "focused on this subject a great deal more," largely because of technophile Al Gore's influence, but Bush officials "have a lot on their plate right now," so their distance from labeling and law enforcement proposals is understandable. But ICRA has received positive comments from important White House officials about a White House roundtable, he said.

"A flurry of activity in the next few months" is probably needed to make a high-level gathering a top Administration priority, Balkam said. Unfortunate but necessary triggers might include reports of easy porn access on kids' mobile phones and abduction of minors enabled by social networking websites, and on the positive side, a broad pledge from content companies and ISPs of more money to promote self-regulatory action, he said.

The industry roundtables started in 2005, hosted by Verizon, Yahoo and others. A Brussels gathering featured European Commission Information Society & Media Comr. Viviane Reding, the highest official who has participated, Balkam said. The next roundtable is Sept. 13 in N.Y.C., but invitations are expected to be limited, he added.

<u>ICRA</u> has received money from the <u>EU</u>, which has been "far more eager to support such an effort" than the U.S., which shows "schizophrenia," alternating between telling industry to do more and applying a "censorious regime," he said. Election-year politics -- "Who could be against protecting kids online?" -- and combining mandates on mainstream pornography with penalties for aiding child porn are complicating ICRA's message that self-regulation can protect kids, he said.

The most worrisome bill for ICRA members and allies is the Internet Safety Act (S-3499, HR-5749). It would give jail time to executives from ISPs, financial institutions and others that knowingly enable child porn transactions, as well as prohibit "misleading" words on adult websites and require mandatory labeling of adult content: "The big players could move their servers to Mexico" if the bill passed and avoid prosecution. A better approach is Britain's "co-regulatory scheme" to allow online gambling companies to operate in the country, with heavy oversight, he said.

<u>High-tech changes since the last major congressional investigation</u> into restricting sexually-oriented content online probably require an update of the milestone 2000 report by the Child Online Protection Act (COPA) Commission, on which Balkam served, he said. The 2000 report catalogued the "Web 1.0 world," before social networking websites, user-uploaded content and mobile Web browsing were widespread, he said. COPA itself is still stuck in court, but DoJ was given authority to use search query data in its bid to show that filtering is less effective than COPA mandates for protecting children online. If the law is upheld, mandatory age verification on adult websites would be the most noticeable change for industry, Balkam said. -- *Greg Piper*

CLECs Say'No Precedent'

Rural Telcos Fret About Deregulating Internet Backbone Providers

<u>Deregulating the Bells' broadband transmission services</u> would hurt rural telephone companies that rely on them for Internet backbone service, the National Telecom Co-op Assn. told the FCC in comments filed Thurs. The Bells are the only Internet backbone providers available to rural telephone companies in many areas, NTCA said: "NTCA is concerned for its members who will rely on BellSouth and Qwest for access to the IP backbone."

The FCC asked for comments on requests by AT&T, BellSouth, Qwest and Embarq for forbearance from the application of common carrier regulations to their wholesale and enterprise broadband services. The requests seek treatment similar to what Verizon received when the FCC allowed the company's forbearance petition to take effect in March. Embarq is the wireline company spun off in the Sprint-Nextel merger.

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"If the Commission forebears from applying Title II regulation to these services, BellSouth and Qwest may have absolute Internet backbone market power in some remote rural ILEC service areas," NTCA said: "BellSouth could dictate the future prices, terms and conditions in contracts with small communications providers regarding access to the IP backbone." It's true that many rural ILECs connect to the Internet over Time Division Multiplex (TDM) circuits and the Bells have said they're seeking deregulation of non-TDM service only, NTCA said. But "anyone that has been tracking the industry knows that TDM services will eventually be obsolete" and rural companies will migrate to the deregulated services, the association said.

OPASTCO said "rural ILECs need access to the Internet backbone at reasonable and nondiscriminatory rates and terms in order to provide their customers with high-quality, affordable advanced services." In addition, OPASTCO said, if the FCC grants any of the petitions it should "make clear that these carriers are not relieved from their USF contribution obligations for these services." In fact, OPASTCO said, the FCC ought to write a "clarifying order" explaining that Verizon isn't relieved of its Universal Service Fund obligations, either.

OPASTCO told the FCC it wasn't clear which Verizon services were deregulated. Now that other Bells and Embarq are seeking similar treatment, the FCC should clarify the Verizon situation, it said. "There is substantial uncertainty throughout the industry as to the scope and effect of the regulatory forbearance which Verizon was granted," OPASTCO said. OPASTCO and others said the uncertainty stems from the fact that no order was issued when Verizon gained forbearance. Verizon's request automatically took effect when the FCC missed its deadline for acting on forbearance petitions.

Opponents also tried to stop the FCC from viewing the new petitions as "me-too" requests based on the Verizon grant. Several argued that the Verizon action didn't set a precedent because there was no order. "The deemed granted status of Verizon's petition does not bind the Commission to grant the forbearance relief that any of the ILEC petitioners seek," said a group of competitive LECs in a joint filing. "Since the Commission neither has granted nor denied Verizon's petition on the merits, the Verizon petition is of no precedential value in this proceeding," said Broadview Networks, Covad, CTC Communications, Eschelon, Nuvox, XO Communications and Xspedius.

"The grant of Verizon's petition does not provide a basis for approving the petitioners' requests," said Time Warner Telecom, CBeyond and One Communications in another joint filing. The Time Warner filing disputed an AT&T argument that the U.S. Appeals Court, D.C. has said an FCC news release could stand in for an order in reflecting the FCC's opinion. The FCC order in this case "offers little clues as to why the Commission may have thought it was justified in granting Verizon's petition," said Time Warner.

"The Verizon forbearance has no precedential value because there was no written decision or agency vote," said another group of competitors that included Alpheus, DeltaCom, Integra, McLeodUSA, Mpower, Norlight, Pac-West, TDS Metrocom and Telepacific. Like the others, the CLECs also argued that deregulation wasn't appropriate because the Bells "retain market power in the provision of enterprise retail and wholesale broadband services." The group said "in the vast majority of circumstances enterprise retail customers have no alternative to [Bell] broadband services and... CLECs have no alternative to [Bell] wholesale broadband offerings to reach their customers."

EarthLink accused the telecom companies of trying to "short circuit the FCC's rulemaking process." When the FCC deregulated DSL last year it said it would address other broadband transmission issues at a later date, EarthLink said. "Apparently unsatisfied" with the FCC's plan, the telephone companies have filed these petitions that "are insufficiently comprehensive, threaten to undermine the FCC's ability to control its own agenda, and are becoming a drain on industry and FCC resources," EarthLink said. -- Edie Herman

U.S. Far From 'Liberalization'

DoJ Probe Could Set Precedent for Overseas Reach of U.S. Gambling Law

Internet sports-betting companies should be "extremely nervous" about DoJ's prosecution of BetOnSports, a legal expert said Fri. It could set a precedent for applying U.S. gambling laws to a broad range of overseas activities, even if they're legal locally, said lawyer Jim Halpert, co-chmn. of DLA Piper's communications, e-commerce & privacy practice. But Warwick Bartlett, Global Betting and Gaming Consultants' lead partner, said efforts to stop Americans from sports-betting will ultimately fail, as avid gamblers seek alternative routes to gambling services.

The DoJ case against U.K.-based BetOnSports is a "shot across the bow," Halpert said. Just one or 2 such cases a year can "really jitter the financial market" and chill U.S. investment in overseas gambling firms. The "net effect so far has been to change sentiment on the investment side, and stocks have fallen as a consequence, which gives less opportunity to raise capital," Bartlett said.

<u>U.S. intervention has encouraged other countries to take action</u> against online gambling, Bartlett said. German courts recently closed down betting shops for lacking proper licenses, and Italy ordered ISPs not to forward emails to 800 foreign gambling sites, he said.

Both said the BetOnSports matter doesn't signal the beginning of the end for European online gambling enterprises. Some will simply raise funds and operate outside the U.S., moving any assets they have in U.S. banks to make them harder for prosecutors to reach, Halpert said.

Because online betting on horse-racing is allowed in the U.S., some firms will limit their offerings to those services and team up with American companies, Halpert said. Others may look to legal e-lotteries in the U.S. U.K.-based PartyGaming just launched a major advertising campaign to attract U.S. poker players, Bartlett said.

Betfair is a betting exchange that allows gamblers to bet against each other over a P2P network. It has never targeted U.S. customers because it believes the law against sports betting is clear, its spokesman told us. Similarly, it decided not to do business in China, which has a huge market but where online gambling is illegal.

Betfair has its share of regulatory spats in Europe. The company takes the position it's entitled to operate across the EU under laws guaranteeing free movement of goods and services, the spokesman said. But all EU nations are considering whether and how to regulate online betting. Betfair and the Remote Gambling Assn. are involved in a dispute with Italy over its blocking access to overseas gambling sites. The govt. claims it's a moral issue, but it looks more like an effort to protect the state's monopoly on Internet gaming, the Betfair spokesman said. Betfair also avoids French bettors because of a feud over how the govt. handles money for horse racing, he said.

<u>Technology exists to block U.S. customers from using foreign websites</u>, all 3 said. Customers wanting to place bets on Betfair need an order to trade and operate, which allows the company to validate them through registered bank account numbers, addresses and so forth, the spokesman said. Internet Protocol addresses of would-be customers are also checked, and if one is recognized as a U.S. address, access to the website is denied.

Geographic indicators such as credit card transaction codes allow gaming companies to bar Americans from websites, Halpert said. Some companies also screen potential players or require them to produce identification such as voter registration cards or drivers' licenses.

The U.S. approach -- barring credit card companies and banks from accepting wagers -- isn't effective, Bartlett said. He said it can be circumvented by such loopholes as the online payment service Neteller, based on the Isle of Man, for instance. Technologically, websites can be blocked, he said, but "where does one draw the line between prohibition and freedom?"

<u>People often ask when the U.S. will loosen its stance on online gambling</u>, Halpert said. "I think we're a long way away from liberalization here," he said, so foreign companies hoping to capitalize on Americans' betting fever will probably move toward a very conservative model. -- *Dugie Standeford*

Initial Details Sketchy

Microsoft's Zune Devices To Offer EMI Music Videos

<u>EMI said it signed a deal with Microsoft</u> to load music videos on the latter's coming Zune digital entertainment devices. Details were sketchy Fri. Neither the deal terms nor when videos will become available was announced.

The most unusual aspect of the deal was that it came before any major record label, including EMI, had announced a deal to provide songs for Zune. EMI -- the 3rd-largest label -- said the music videos it will provide Zune will include titles from the artists 30 Seconds To Mars and English electro-pop band Hot Chip. An EMI spokesman declined to say whether videos of any of his company's other artists --- such as David Bowie, Coldplay, Norah Jones, Paul McCartney and KT Tunstall -- are included in the deal. EMI said it expected its artists' videos will be preloaded alongside those from other record companies.

Sony BMG Music, Universal Music and Warner Music didn't comment by our deadline, but Reuters reported that Universal confirmed it was in talks with Microsoft over Zune. There had been speculation Microsoft might have decided to postpone the launch of its first Zune device because of the lack of deals with the labels. But the EMI and Universal news suggested Microsoft was making progress. Microsoft declined to comment on its discussions with music labels.

EMI said Apple had been a key partner in developing the digital music market. But Jeff Kempler, exec. vp of EMI division Virgin Records America, told Reuters his company considers "any well-funded serious entrant... to be good news for the artists" and the rest of the industry.

Microsoft confirmed late last month that it's planning a line of Zune-branded portable entertainment devices, the first expected to ship in time for the holiday season (CED July 24 p7). The first device is expected to be a portable music player that will go head-to-head with Apple's iPod. Microsoft also plans a digital music service that will compete with Apple's iTunes. Microsoft has provided only sketchy details about future Zune devices but gaming is expected to be added to the mix.

Concerns about Microsoft's effort were expressed by digital music companies and copyright lawyers at a recent N.Y. investor conference (WID Aug 11 p3). After Microsoft's announcement, it was revealed the Zune line won't support Microsoft's PlaysForSure DRM platform, which Apple rivals have been using to make digital music files to compatible across a wide range of non-iPod digital audio players. Napster CTO William Pence told the BMO Capital Markets eMerging Music Summit he was "very sensitive" to the issue of PlaysForSure because his company is a licensee. He said it remained unclear whether Microsoft planned to abandon PlaysForSure completely or just not use it in Zune devices. A Microsoft spokeswoman, however, later clarified the company's plan, saying PlaysForSure "helps consumers choose from a variety of devices and services to find the model that works best for them; with Zune, however, our goal is to build a rich community around the brand and the experience, and to do that effectively we feel it is important to provide an experience that is integrated end-to-end." That makes the company's plan akin to Apple's iPod strategy. But the Microsoft spokeswoman said the firm wasn't dropping its support for PlaysForSure entirely. She said: "Our goal is to give consumers choices for how they consume music -- both through the PlaysForSure model and through this new integrated solution." The question remains, however, how many CE device makers will want to continue to pay a licensing fee to what is now a competitor in the digital audio hardware.

Also raised at the investor conference were reports that Zune device users will be able to convert iTunes music files into files that can be played on Zunes, which could create a new copyright question. Microsoft, however, hasn't confirmed it will let Zune users convert iTunes files into files that can be played on Zune. --- Jeff Berman

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Microsoft changed the timing of its plan to buy back \$40 billion shares, the company said Fri. It said it expects to buy \$3.8 billion worth of its shares in a tender offer that expired overnight Thurs.-Fri. and shifted the rest to its long-term program. The company said, based on the preliminary results of its modified Dutch auction tender offer, it expects to acquire about 155 million shares of its common stock at \$24.75 a share, at a total cost of about \$3.8 billion. The shares are only about 1.5% of those outstanding. Microsoft also announced that the authorization for its ongoing share repurchase program, previously announced July 20, was increased by about \$16.2 billion. As a result, the company said it was authorized to buy back up to \$36.2 billion of additional shares through June 30, 2011. It said Goldman Sachs and Deutsche Bank were co-dealer managers for the tender offer, Georgeson was information agent and Mellon Investor Services was depositary.

Capitol Hill

A House subcommittee's sending information on people thought to have bought child porn to state attorneys general (WID June 26) was probably unconstitutional, said the sexual-content industry's main lobbying group. The Free Speech Coalition pointed to a report on AVN.com that the House Commerce Oversight & Investigations Subcommittee's action violated the separation of powers doctrine by circumventing DoJ's law-enforcement duties. Subcommittee members had complained that DoJ wasn't using information provided by 19-year-old Justin Berry, who as a minor had a webcam shoot him performing sex acts (WID April 5 p1). But "there is no discussion" of filing a suit against Congress, a Coalition spokesman told us: The group is "going out of its way to avoid [more] litigation." The Coalition is already fighting Utah's e-mail registry that blocks porn from registered addresses (WID Dec 12 p6) and DoJ's effort to extend porn record-keeping requirements to websites (WID Aug 12/05 p6), and filed an amicus brief for a Fla. webmaster jailed on obscenity charges (WID Dec 28 p1). The spokesman said the group is more concerned about Congress overreaching its authority in other ways, and about religious leaders conflating child and other porn. A House Commerce Committee spokesman couldn't tell us whether the committee had looked into the legal implications of sending the information to state AGs without DoJ involvement. -- *GP*

TIA urged Senate leaders to take up the telecom bill (HR-5252), in a letter last week to Majority Leader Frist (R-Tenn.) and Minority Leader Reid (D-Nev.). TIA backs the bill's streamlined video franchise system, which the FCC would manage with "limited input by existing local franchise authorities," the letter said. The group also supports provisions that codify net neutrality protection: "We urge you to allow time for floor debate on this legislation," the letter said. Net neutrality is the wild card for Senate Commerce Committee Chmn. Stevens (R-Alaska), who must assure Frist he has 60 votes to avoid a filibuster. But even if Stevens gets the votes, Frist has said he doesn't want a pre-election battle over controversial amendments -- and Sens. Dorgan (D-N.D.) and Wyden (D-Ore.) have said they plan to introduce net neutrality amendments. -- AV

Agencies

Cablevision's controlling family exited the FCC's AWS auction for wireless broadband last week. Analysts said the Dolans couldn't afford spectrum that a rival consortium is bidding for. Dolan Family Holdings had been expected to acquire spectrum for Cablevision to use to sell wireless services over home IP networks (WID Aug 10 p6). Comcast-led SpectrumCo, pursuing similar ends, had the highest bid of \$468.2 million in Round 26 for AWS Block B spectrum in the N.Y. area. The Dolans bid on the same block until Round 19, with a high offer of \$390.1 million. Dolan Family Holdings dropped out in Round 21. "They were limited in terms of how high they could go," Miller Tabak's David Joyce told us: "Price is what forced them to drop out, the same as [with] the Echostar-DirecTV consortium." Janco analyst Matthew Harrigan said SpectrumCo will likely keep bidding on the N.Y. block. — *JM*

Courts

The ruling against the NSA's wiretap program won't stand up, said some legal experts. "Although the court reaches the right result -- that the program is illegal, much of the opinion is disappointing, and I would even suggest, a bit confused," said Jack Balkin, dir.-Information Society Project at Yale Law School, in response to Senior U.S. Dist. Judge Anna Taylor's ruling against the administration (CD Aug 18 p1): "It is quite clear that the government will appeal this opinion... because the court's opinion, quite frankly, has so many holes in it." Some legal experts exhibited signs of cynical optimism. Glen Greenwald, author of *How Would a Patriot Act?*, said "this is not the most scholarly opinion ever. It has argumentative holes in it in several important places. But it is correct in its result and it is an enormous victory for the rule of law. It took real courage for Judge Taylor to issue this opinion and order -- it is hard to overstate how much courage it took." President Bush said Fri.: "I would say that those who herald this decision simply do not understand the nature of the world in which we live. This country of ours is at war and we must give those whose responsibility it is to protect the United States the tools necessary to protect this country in a time of war." Judge Taylor has scheduled a hearing for the case on Sept. 7, and until then the NSA surveillance program will continue to be permitted. -- *BB*

States

The Ga. PSC voted 3-2 to approve the AT&T-BellSouth merger with only a minor condition, giving the merger the last state approval it needed. By the same 3-2 margin, the PSC had defeated a motion for a condition requiring the merged company to offer stand-alone DSL. The only condition approved requires the merged company to fulfill some regulatory obligations imposed on BellSouth -- including getting PSC permission to discontinue any intrastate long distance service, and filing monthly reports on progress toward fulfilling a BellSouth obligation to make every Ga. central office DSL-capable. The PSC said it will open a docket this year to look at whether the merger will require changes to BellSouth's current wholesale service performance enforcement plan, and another one early next year to determine whether the merger's overall impact on the Ga. telecom marketplace requires PSC action. Dissenting Comrs. Bobby Baker and Angela Speir said the merger would hurt telecom competition and they proposed adding several conditions, including the stand-alone DSL requirement they said would ensure competition continues to thrive. But the DSL proposal and the other conditions were defeated by the same majority that later voted to approve the merger. PSC Chmn. Stan Wise said most of the proposed conditions would have usurped federal jurisdiction and they didn't belong in a state order. The Ga. Competition Coalition condemned the PSC majority for "supporting the interests of AT&T's executives and shareholders instead of Georgia consumers by refusing to adopt a single measure to protect against massive price increases and job losses." AT&T/BellSouth had questioned whether the PSC had any legal jurisdiction over the merger, but the approval decision made the question moot. Ga. was the last of 18 states to act on the merger. The merger still needs approvals from the FCC and U.S. Justice Dept.

International

A "darknet" Web service that lets users share music files anonymously launched in Sweden. The Relakks service allows users to send and receive files through a heavily-encrypted connection. It's the first commercial darknet -- a virtual network set up to share files between trusted users. The service is endorsed by Sweden's Pirate Party, competing in elections on a platform of remaking copyright. A darknet is a cordoned-off, anonymous section of the Internet where users chat and swap data. Usually they're confined to small, tight-knit groups such as hackers who use the secure connections to distribute information and hacking tools. Many are invitation-only services, and would-be members must upload material to qualify for full access. Similar identity-hiding tools such as Tor are used by dissidents in countries like China to avoid persecution for Web activities. Previous attempts to launch large-scale anonymous networks, such as Nullsoft's Waste program, have been unsuccessful. After its release in 2003, Waste was removed from distribution by Nullsoft's parent company, AOL. The Swedish system

works by giving a user's computer a new IP address, the unique number the machine uses to identify itself and communicate with other machines over the Internet. Relakks users appear to have Swedish IP addresses, no matter where they are in the world, and in theory their locations can't be traced. Users can share files, like music or films. File sharing and copyright law are divisive in Sweden. Until recently the country was a hotbed of piracy, where films, music and software were readily swapped online. Last year, Sweden outlawed unauthorized downloading of copyrighted movies and music. -- *IR*

A Syrian online journalist received 3 years in prison for spreading false reports, a media watchdog group said. Habib Saleh wrote for the Lebanese daily newspaper *An-Nahar*, participated in online political chats and wrote for various news sites, said Reporters Without Borders (RWB). In his posts, he criticized the ruling Baath party and talked about his time in prison. The Syrian govt. also blocks some sites and censors the traditional media, RWB said. The group named Syria last year as one of the world's top 15 enemies of the Internet.

Security

Loss and theft of confidential data has become a "pervasive" problem, a survey said. PDAs and laptops ranked as the most vulnerable, with 81% of companies surveyed reporting the loss at least one laptop containing sensitive information the past 12 months. But companies may have finally gotten the message: 81% of respondents said protecting sensitive data is a priority this year and 89% said it will be next year. The survey, "Confidential Data at Risk," consisted of interviews with 500 U.S. "information security practitioners" and was done by Vontu and the Ponemon Institute.

Industry Notes

<u>Level 3 will help MySpace.com meet the growing demand for online video</u> distribution. Level 3 said it signed a multiyear deal to provide high-speed IP support in several MySpace markets. "We selected Level 3 because of its... ability to support increasing high bandwidth demand," said MySpace CTO Aber Whitcomb.

College students can save trees and money by downloading textbooks instead of buying print versions, said a company marketing such a service. Universal Digital Textbooks will be offered by 600 college publishers, including 512 campus bookstores run by Barnes & Noble, said creator MBS Textbook exchange. Students can download the books directly onto their computers. Digital textbooks cost up to 45% less than their print counterparts, the company said.

<u>Hughes Network Systems (HNS) said it has 300,000 subscribers</u> to its HughesNet satellite-based Internet access service. HNS changed the name of its service to HughesNet from Directway earlier this year. It released the subscriber numbers as prepared for a promotional push across eastern Tex. that will cover the cities of Nacogdoches and Lufkin as well as several state parks. HNS has struggled to expand its service, which stood at about 250,000 as of last Sept. The service launched in late 1997 as DirecPC and was affiliated with DirecTV. That changed last year when DirecTV sold 50% of the company to Apollo Management. Apollo funded Skyterra Communications' purchase of the remainder of DirecTV's interest late last year.

<u>Cisco Systems will pay \$91.75 million to settle a class action lawsuit</u> filed by ex-officers of the company. Filed in 2001 in the U.S. Dist. Court, Northern Cal., the lawsuit claimed the company made "misleading statements" to stockholders and that the defendants sold Cisco stock based on insider, nonpublic information. Cisco denied the allegations.

<u>CNet received a negative "B" corporate credit rating from Standard & Poor's</u>. Credit analysts said the low rating resulted from the "possible acceleration of \$125 million of debt maturities."

Washington Internet Daily Calendar

- Aug. 20-22 Progress & Freedom Foundation's Aspen Summit 2006 with keynote by FCC Comr. Adelstein, St. Regis Aspen, Colo. -- www.pff.org/aspensummit/aspen2006/index.html
- Aug. 21 U.S. Chamber of Commerce "Global Anti-Counterfeiting and Piracy Initiative" lunch briefing, noon-1 p.m. U.S. Chamber, 1615 H St. NW. Register at press@uschamber.com, (202) 463-5682
- Aug. 22 U.S. Patent & Trademark Office comment deadline on modified plan to replace with electronic documents in the agency's Trademark Search Facility the paper search collection of marks that include design elements
- Aug. 23 American Electronics Assn., "AEA Annual Government-Industry Executive Interchange," 8:30 a.m.–2:30 p.m., \$195-\$295, Spy Museum, 800 F St. NW, Washington
- Aug. 23-24 U.S.-China Economic & Security Review Commission meeting to consider drafts of material for the 2006 Annual Report. Agenda includes discussion of China's WTO compliance. Conference Room 381, Hall of the States, 444 N. Capitol St. NW, Washington
- Aug. 23 DC Bar Assn. panel, "DR-CAFTA: U.S.-Dominican Republic-Central America Free Trade Agreement: a Roundtable with the Ambassadors," noon-3 p.m., \$15-\$40, (202) 626-3488, Arnold & Porter, 555 12th St. NW, Washington
- Aug. 24 USTelecom webinar "Gbps + Wireless Local Loop: Transforming Last Mile Economics," 1 p.m. -- www.ustelecom.org/events.php?urh=home.events.web2006_0824
- Aug. 25 Deadline to submit comments to the National Institute of Standards & Technology's Computer Security Div. regarding draft, "Recommended Security Controls for Federal Information Systems" -- csrc.nist.gov/publications/drafts/800-53-rev1-clean-sz.pdf

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