

DID GCHQ AND NSA LOSE AN EYE TODAY?

As the business press is crowing, Vodafone and Verizon are officially divorced.

After pulling off the \$130 billion sale, Vodafone will drop from the world's second-biggest phone company to the fourth, measured by market value, behind China Mobile Ltd., AT&T Inc. and Verizon Communications Inc. (VZ), data compiled by Bloomberg showed. Vodafone's weighting in share indexes such as the FTSE 100 in London will be cut approximately in half.

Shareholders will get a return of about 102 pence (\$1.70) per share. That's about \$23.9 billion in cash and about \$58.6 billion in Verizon Communications shares.

Vodafone's shares rose 2.8 percent to 236.10 pence at 2:45 p.m. in London. Verizon slipped 0.3 percent to \$47.97 in New York.

"This is a great day for Verizon," Verizon CEO Lowell McAdam said in a statement. "The new Verizon now has full ownership of the U.S. wireless industry leader in network performance, profitability and cash flow."

The deal will help Vodafone pay off debt and help fund 7 billion pounds of additional network investments by March 2016, adding high-speed broadband and wireless coverage across its largest markets.

And rejoicing was heard on both sides of the Atlantic!

Curiously, though, I seem to be the only one asking what seems to be an obvious question: how

will this high level British-US breakup affect the Five Eyes dragnet?

Particularly given reports that Verizon is (was?) one of 7 Tempora providers, I wonder whether splitting with Vodaphone has permitted Verizon to withdraw from compliance with GCHQ data requests.

Back in 2006, USA Today's report that the NSA had a database of all of AT&T, Verizon, and BellSouth's phone records caused one of the telecoms to refuse to turn over data without being legally obligated (and for a number of reasons, it is unlikely AT&T was the provider that demanded an order).

The publication of the Verizon Secondary Order on June 5, 2013 exposed Verizon far more than that 2006 story. And it exposed Verizon uniquely, in a way AT&T and Sprint hadn't been exposed. ODNI exacerbated that exposure further when it released another document with Verizon's name unredacted.

If I were Verizon, I would be doing nothing more than the government(s) legally required me to do. And as of today, Verizon may have one less government with the ability to make such requirements.

Update: On March 4, Verizon's General Counsel said the Vodaphone/Verizon split will have no effect on Verizon's obligations to the US.