

**Whereas:** There is widespread public debate about how cooperation between U.S. law enforcement entities and telecommunications companies affects Americans' privacy and civil rights.

Senator Edward Markey, one of many policymakers calling for regulators to review AT&T's proposed acquisition of Time Warner, remarked in October 2016: "We need a telecommunications market...where our right to privacy is maintained even when technologies change."

AT&T's Privacy Policy indicates the Company seeks to protect customer information and privacy while complying with applicable law. The July 2016 Transparency Report states: "Like all companies, we are required by law to provide information to government and law enforcement agencies, as well as parties to civil lawsuits, by complying with court orders, subpoenas, lawful discovery requests and other legal requirements."

However, the above guidance, which indicates a cautious approach to cooperating with law enforcement agencies, is at odds with AT&T's vast *Hemisphere* program.

Revealing details of *Hemisphere* in 2013, *The New York Times* reported that local and federal law enforcement agencies "had routine access, using subpoenas, to an enormous AT&T database that contains the records of decades of Americans' phone calls."

According to that report, "[t]he government pays AT&T to place [AT&T] employees in drug-fighting units around the country" and "[t]he Obama administration acknowledged the extraordinary scale of the *Hemisphere* database and the unusual embedding of AT&T employees in government drug units in three states."

In October 2016, we learned that AT&T positioned *Hemisphere* as a lucrative product aimed at a wide range of agencies and investigations. *The Daily Beast* reported: "Sheriff and police departments pay from \$100,000 to upward of \$1 million a year or more for *Hemisphere* access."

Several additional aspects of *Hemisphere* appear to go above and beyond legal requirements:

- *Hemisphere* is an extraordinarily large database going back as far as 1987, according to *The New York Times*. Other reports indicate AT&T's cellular tower data retention exceeds that of peer companies like Verizon and Sprint.
- AT&T hides *Hemisphere* by apparently requiring agencies not to use *Hemisphere* data in court unless no other evidence is available.
- *Hemisphere*'s size and AT&T's decision to offer forms of analysis which connect call records and phones to each other enable searches which would not otherwise occur.

*Hemisphere* and AT&T's involvement in it have prompted questions from legal experts and widespread attention from global media outlets including *The Wall Street Journal*, *Guardian*, and *Breitbart*.

While AT&T must follow the law, shareholders are concerned that failure to persuade customers of a consistent and long-term commitment to privacy rights could present serious financial, legal, and reputational risks.

**Resolved:** Shareholders ask the Board to review and publicly report (at reasonable cost, in a reasonable timeframe, and omitting proprietary and confidential information) on the consistency between AT&T's policies on privacy and civil rights and the Company's actions with respect to U.S. law enforcement investigations. This proposal addresses programs in use domestically like *Hemisphere*. It does not request information on international activity, national security, nor disclosures that would violate any laws.