Verizon Wireless settles FCC probe into blocking of Internet-sharing apps for $1.25 million

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NEW YORK (AP) -- In the first move of its kind, the Federal Communications Commission on Tuesday said it's accepting a $1.25 million settlement from Verizon Wireless to end an investigation into whether the company asked Google Inc. to withhold so-called "tethering" software for Internet sharing.

Until recently, phone companies charged extra fees to allow tethering, or sharing of Internet access between devices.

Applications stores, like those run by Google and Apple Inc., have worked with carriers and restricted apps that try to circumvent those fees. But Verizon's LTE network, which went live in late 2010, uses a slice of the airwaves that carries special conditions - the carrier is not allowed to block any lawful applications from devices on the network.

Tuesday's action marks the first time the FCC has exercised its authority over that spectrum.

Verizon said it did not block customers from using third-party applications, and that the settlement "puts behind us concerns related to an employee's communication with an app store operator about tethering applications."

The FCC remarked that Verizon justified its tethering fees by saying that tetherers used more data on the network. But the company demanded the fees even from customers who paid for data based on how much they used, so those users were charged again for the same service.

A public-interest group, Free Press, complained to the FCC about Verizon's practices a year ago.

Verizon eliminated its tethering fees for limited-data plans last month, with the introduction of a new suite of "Share Everything" plans. It hasn't charged extra for tethering on the latest iPad, which is the first Apple Inc. device with LTE access.

Verizon Wireless is a joint venture of Verizon Communications Inc. of New York and Vodafone Group PLC of Britain.

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