

DOJ holds up Verizon-cable deal on competition concerns

The Justice Department is holding up approval of Verizon Wireless' \$3.9 billion [bid for spectrum](#) from cable firms because of concerns that a cross-marketing deal attached to the deal will thwart competition for landline Internet service, according to people familiar with the review.

Justice's concern (http://www.washingtonpost.com/blogs/post-tech/post/will-verizon-cable-deal-be-affected-by-departure-of-justices-secret-weapon-gene-kimmelman/2012/07/10/gJQACdolaW_blog.html) is that Verizon's agreement to jointly market wireless and landline Internet services with Comcast, Time Warner Cable, Bright House and Cox could lead to the deterioration of Verizon Communication's FiOs Internet service, which competes with cable offerings.

Verizon Communications and Vodafone jointly own Verizon Wireless.

Justice officials have expressed concern that by cross-marketing Verizon Wireless and cable services, FiOs business will be neglected and decline. FiOs is available to 14 million homes in the United States, and U.S. regulators see it as an important competitor to cable and satellite Internet service.

If that happens, consumers will be left with one or two providers of landline broadband service in many markets, analysts and critics say.

Justice's concerns may force concessions by Verizon and cable firms on the marketing portion of their agreement, analysts say.

Verizon Wireless and cable firms have won favor from the Federal

Communications Commission for the spectrum purchase after agreeing to sell off a swath of airwaves to T-Mobile USA, the nation's fourth largest wireless carrier, according to people familiar with the review. But the FCC is closely coordinating with Justice and supports any decision it may make on the marketing portion of the deal, according to one person familiar with the agency's thinking.

Verizon Wireless has said it is confident its deal will be approved later this summer and the FCC's informal timeline to finish its review is in August.

Dozens of lawmakers this week expressed concern that the deal will create too much concentration in the wireless industry, where Verizon Wireless, the nation's biggest carrier, will only advance its lead.

"Over the past six months we have addressed these issues, made a persuasive case that bringing unused spectrum to the marketplace to serve millions of consumers is strongly in the public interest, and we believe we are on track for approval later this summer," Verizon spokesman Ed McFadden wrote in a e-mailed statement.