

**CONSENT DECREE**

1. The Enforcement Bureau of the Federal Communications Commission and Koch Industries, Inc. hereby enter into this Consent Decree for the purpose of resolving the Enforcement Bureau's investigation of compliance by Koch Industries, Inc., and entities of which Koch Industries, Inc. is the ultimate parent company, with Section 1.17 of the Commission's rules, 47 C.F.R. § 1.17.

2. For purposes of this Consent Decree, the following definitions shall apply:

- (a) "Act" means the Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*
- (b) "Adopting Order" means an order of the Bureau, adopting this Consent Decree, without any modifications adverse to Koch.
- (c) "Any" shall be construed to include the word "all," and the word "all" shall be construed to include the word "any." Additionally, the word "or" shall be construed to include the word "and," and the word "and" shall be construed to include the word "or." The word "each" shall be construed to include the word "every," and the word "every" shall be construed to include the word "each."
- (d) "Bureau" means the FCC's Enforcement Bureau.
- (e) "Commission" or "FCC" means the Federal Communications Commission.
- (f) "Effective Date" means the date on which the Bureau releases the Adopting Order.
- (g) "Final Order" means that, with respect to the Adopting Order: (1) no request for stay or similar request is pending, no stay is in effect, the Adopting Order has not been vacated, reversed, set aside, annulled or suspended, and any deadline for filing such request that may be designated by statute or regulation has passed; (2) no timely petition for rehearing or reconsideration of the Adopting Order, or protest of any kind, is pending before the FCC and the time for filing any such petition or protest is passed; (3) the FCC does not have the Adopting Order under reconsideration or review on its own motion and the time for such reconsideration or review has passed; and (4) the Adopting Order is not under judicial review, there is no notice of appeal or other application for judicial review pending, and the deadline for filing such notice of appeal or other application for judicial review has passed.
- (h) "Inquiry" means the Bureau's investigation, which commenced with the issuance of a letter of inquiry, dated September 7, 2005, from the Bureau to Koch, relating to whether Koch and/or Koch Companies failed to disclose the existence of felony convictions in license applications filed with the Commission, in violation of Section 1.17 of the Commission's rules, 47 C.F.R. § 1.17.

- (i) “Koch” means Koch Industries, Inc., and any affiliate, parent company, wholly or partially owned subsidiary of it (including, but not limited to: Flint Hills Resources Alaska, LLC; Flint Hills Resources, LP; Koch Petroleum Group; Brunswick Cellulose, Inc.; Diamond-Koch, LP; Gulf Pipeline South Company, LP; Invista S.A.R.L.; K D S Promix, LLC; KCBX Terminals Company; Koch Business Solutions, LP; Koch Carbon, LLC; Koch Materials Company, Inc.; Koch Nitrogen Company; Koch Performance Asphalt Co.; Koch Pipeline Company, LP; Koch-Glitsch, LP; Kosa; Kosa Corporation-Spartanburg Plant; Leaf River Cellulose, LLC; Matador Cattle Company; Old Augusta Railroad, LLC; Purina Mills, Inc.; and Invista, Inc.), and all owners, including but not limited to, officers, directors, and partners of the foregoing.
- (j) “Koch Companies” means entities of which Koch is the ultimate parent company, including those referenced in paragraph 2(i), above.
- (k) “Parties” means the Bureau and Koch.

## I. BACKGROUND

3. Koch is a large privately-held corporation with hundreds of separate subsidiaries and affiliates involved in diverse businesses, including petroleum, chemicals, minerals, fertilizers, paper, ranching, and financial services. None of the Koch Companies is a media company or provides communications services to the public. Approximately 25 Koch Companies hold FCC-regulated licenses, all of which are used for internal communications incidental to the companies’ principal businesses.

4. Koch and/or Koch Companies were convicted of felonies in state or federal court on three occasions. Section 1.17 of the Commission’s rules, 47 C.F.R. § 1.17, requires truthful and accurate statements to the Commission, including such statements in response to questions in license applications which inquire whether the applicant or a party thereto has ever been convicted of a felony in state or federal court.

5. The Parties acknowledge that any forfeiture proceeding that might result from the Inquiry would be time consuming and require substantial expenditure of public and private resources. In order to conserve such resources, to resolve the Inquiry, and to promote compliance by Koch with Section 1.17 of the Commission’s rules, the Parties are entering into this Consent Decree, in consideration of the mutual commitments made herein.

## II. AGREEMENT

6. The Parties agree that the provisions of this Consent Decree shall be subject to approval by the Bureau, by incorporation of such provisions by reference in an Adopting Order.

7. The Parties agree that this Consent Decree shall become effective on the date on which the Bureau releases the Adopting Order. Upon release, the Adopting Order and this Consent Decree shall have the same force and effect as any other order of the Commission, and any violation of the terms of this Consent Decree shall constitute a violation of a Commission order, entitling the Commission, or the Bureau pursuant to delegated authority, to exercise any rights and remedies attendant to the enforcement of a Commission order.

8. Koch acknowledges that the Commission has jurisdiction to enforce 47 C.F.R. §1.17.

9. Koch acknowledges that in various license applications filed with the Commission since January 1, 2005, Koch Companies responded in the negative regarding whether the applicant to the application or any party thereto had ever been convicted of a felony in state or federal court. Koch further acknowledges that such representations to the Commission may not have been accurate, given Koch's prior felony convictions.

10. The Bureau acknowledges that it commenced its Inquiry upon discovering that a Koch Company had filed with the Commission several license applications in 2005 that properly disclosed a prior felony conviction and several other license applications that did not disclose such information. Based on Koch's internal review of its past application filings conducted after commencement of the Inquiry, Koch asserts that any inaccurate statements in its applications appear to have been inadvertent.

11. As part of the Adopting Order, the Bureau shall terminate the Inquiry. From and after the Effective Date, in the absence of new information not previously disclosed to the Bureau by Koch, the Bureau shall not, either on its own motion or in response to any petition, third-party objection, complaint, or other information, initiate any inquiries, investigations, forfeiture proceedings, hearings, or other actions, formal or informal, against Koch for alleged or suspected violations of 47 C.F.R. § 1.17.

12. Koch represents that it has conducted a thorough review of its application procedures and developed a comprehensive Compliance Plan to ensure its future compliance with 47 C.F.R. § 1.17. A summary of Koch's Compliance Plan is attached hereto. Koch agrees to implement its Compliance Plan, to the extent it has not already done so, within thirty (30) days of the Effective Date and to keep such Compliance Plan in effect for two (2) years after the Effective Date.

13. Within five (5) business days after the Adopting Order becomes a Final Order, Koch shall make a voluntary contribution to the United States Treasury in the amount of seventy-five thousand dollars (\$75,000). The payment shall be made by check or similar instrument, payable to the order of the Federal Communications Commission. The payment shall include the Acct. No. and FRN No. appearing on the Adopting Order. Payment by check or money order may be mailed to Federal Communications Commission, P.O. Box 358340, Pittsburgh, PA 15251-8340. Payment by overnight mail may be sent to Mellon Bank /LB 358340, 500 Ross Street, Room 1540670, Pittsburgh, PA 15251. Payment by wire transfer may be made to ABA Number 043000261, receiving bank Mellon Bank, and account number 911-6106.

14. Koch waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal or stay, or to otherwise challenge or contest the validity of this Consent Decree and the Adopting Order, provided no modifications are made to the Consent Decree adverse to Koch. If the Bureau, the Commission or the United States acting on its behalf, brings a judicial action to enforce the terms of the Adopting Order or this Consent Decree, or both, Koch will not contest the validity of this Consent Decree or of the Adopting Order. If Koch brings a judicial action to enforce the terms of the Adopting Order or this Consent Decree,



## SUMMARY OF COMPLIANCE PLAN

The Koch Companies are designing and implementing a compliance system in connection with the filing of FCC license applications, as more specifically described below.

**1. Leadership and Management Commitment.** Each Koch Company that holds an FCC license will designate a Compliance System Owner (“CSO”) for its license applications. The CSO will be responsible for the design, implementation, and continuous improvement of the system to ensure accuracy in the filing of license applications.

**2. Employee Ownership.** Only those employees who are authorized by the CSO and their supervisor will be permitted to complete FCC license applications. These employees will receive specialized training, as further described below.

**3. Training.** All current and future employees who are authorized to complete FCC license applications will be provided with training that describes the Commission’s rules regarding truthful statements and the obligation to maintain the accuracy and completeness of any application, as well as the resources that must be used in order to assure accuracy and completeness. All current and future employees who may come into contact with FCC licensing procedures, but who are not expected to complete FCC license applications, will be provided with general awareness training that is designed to ensure that license applications are directed to the employees who have received the specific training. Both types of training will include instructions directing the employees to promptly report all possible or suspected instances of non-compliance with 47 C.F.R. § 1.17 to the CSO. Both types of training will include an admonition as to the individual consequences of intentional non-compliance, which will result in disciplinary action, up to and including termination of employment, as well as the channels for reporting non-compliance, which will include a toll-free, anonymous hotline. Records of all training will be maintained.

**4. Risk Assessment and Change Management.** The CSO and business leaders within the Koch Companies will be responsible for monitoring and responding to changes in the business that may impact this compliance system. Examples of such changes could include the resignation or redeployment of employees who have received specialized training in license applications, the acquisition of new businesses that results in the need to transfer licenses, or changes in the Commission’s regulations.

**5. Reports of Non-Compliance to the Commission.** Any and all instances of non-compliance with 47 C.F.R. § 1.17 coming to the attention of the CSO will be reported in writing by the CSO to the Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission within 30 calendar days, and all documents relating thereto will be retained by the CSO and provided to the Commission upon request.

**6. Continuous Improvement.** The CSO and business leaders will be responsible for making an annual assessment of the compliance system to confirm (a) that the system is being used by those officers and employees whose actions may impact the company's compliance with Commission regulations, and (b) that the system is effective in ensuring accuracy and completeness in license applications. Any shortcomings in the system detected through these annual assessments will promptly be addressed.