

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	File No. EB-07-SE-263
)	
LG Electronics Inc. and)	Acct. No. 200832100029
LG Electronics USA, Inc.)	FRN No. 0016896193

ORDER

Adopted: April 9, 2008

Released: April 11, 2008

By the Chief, Enforcement Bureau:

1. In this Order, we adopt the attached Consent Decree entered into between the Enforcement Bureau (“Bureau”) and LG Electronics Inc. and LG Electronics, USA (collectively, “LGE”). The Consent Decree terminates an investigation by the Bureau against LGE for possible violations of Section 330(c) of the Communications Act of 1934, as amended (“Act”),¹ and Section 15.120(d)(2) of the Commission’s Rules (“Rules”),² regarding the interstate shipment, after March 15, 2006, of digital television receivers that do not comply with the V-Chip technology requirements because they lack the ability to adapt to new rating systems.

2. The Bureau and LGE have negotiated the terms of the Consent Decree that resolve this matter. A copy of the Consent Decree is attached hereto and incorporated by reference.

3. After reviewing the terms of the Consent Decree and evaluating the facts before us, we find that the public interest would be served by adopting the Consent Decree and terminating the investigation.

4. In the absence of material new evidence relating to this matter, we conclude that our investigation raises no substantial or material questions of fact as to whether LGE possesses the basic qualifications, including those related to character, to hold or obtain any Commission license or authorization.

5. Accordingly, **IT IS ORDERED** that, pursuant to section 4(i) of the Act,³ and sections 0.111 and 0.311 of the Rules,⁴ the Consent Decree attached to this Order **IS ADOPTED**.

6. **IT IS FURTHER ORDERED** that the above-captioned investigation **IS TERMINATED**.

¹ 47 U.S.C. § 303(c).

² 47 C.F.R. § 15.120(d)(2).

³ 47 U.S.C. § 154(i), 503(b).

⁴ 47 C.F.R. §§ 0.111 and 0.311.

7. **IT IS FURTHER ORDERED** that all third-party complaints against LGE before the Bureau related to the above-captioned-investigation as of the date of this Consent Decree **ARE DISMISSED**.

8. **IT IS FURTHER ORDERED** that LGE shall make its voluntary contribution to the United States Treasury, as specified in the Consent Decree, by credit card through the Commission's Revenue and Receivables Operations Group at (202) 418-1995, or by mailing a check or similar instrument payable to the order of the Federal Communications Commission, to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000. Payment by overnight mail may be sent to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101. Payment by wire transfer may be made to ABA Number 021030004, receiving bank TREAS/NYC, and account number 27000001. For payment by credit card, an FCC Form 159 (Remittance Advice) must be submitted. When completing the FCC Form 159, enter the Account number in block number 23A (call sign/other ID), and enter the letters "FORF" in block number 24A (payment type code).

9. **IT IS FURTHER ORDERED** that LGE will file reports with the Commission ninety days after the Effective Date, twelve months after the Effective Date, and two years after the Effective Date. Each report shall include a compliance certificate from an officer, as an agent of LGE, stating that the officer has personal knowledge that LGE has established operating procedures intended to ensure compliance with this Consent Decree, together with an accompanying statement explaining the basis for the officer's compliance certification. All reports shall be submitted to the Chief, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554.

10. **IT IS FURTHER ORDERED** that a copy of this Order and Consent Decree shall be sent by first class mail and certified mail, return receipt requested, to LGE's counsel, David Hilliard, Esq. and Robert L. Pettit, Esq., Wiley Rein LLP, 1776 K Street, NW, Washington, DC 20006.

FEDERAL COMMUNICATIONS COMMISSION

Kris Anne Monteith
Chief, Enforcement Bureau

**Before the
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In the Matter of)	File No. EB-07-SE-263
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)	Acct. No. 200832100029
LG Electronics Inc. and)	
LG Electronics USA, Inc.)	FRN No. 0016896193

CONSENT DECREE

The Enforcement Bureau (“Bureau”) and LG Electronics Inc. and LG Electronics USA, Inc. (collectively, “LGE” or the “Company”) by their authorized representatives, hereby enter into this Consent Decree for the purpose of terminating the Bureau’s investigation into whether LGE violated Section 330(c) of the Communications Act of 1934, as amended (“Act”),¹ and Section 15.120(d)(2) of the Commission’s Rules (“Rules”),² regarding the interstate shipment, after March 15, 2006, of digital television receivers that do not comply with the V-Chip technology requirements because they lack the ability to adapt to new rating systems.

I. DEFINITIONS

1. For the purposes of this Consent Decree, the following definitions shall apply:
 - (a) “Act” means the Communications Act of 1934, as amended U.S.C. §§ 151 *et seq.*
 - (b) “Bureau” means the Enforcement Bureau of the Federal Communications Commission.
 - (c) “Commission” and “FCC” mean the Federal Communications Commission and all of its bureaus and offices.
 - (d) “Complaints” means third-party complaints that may have been received by, or are in the possession of, the Commission or Bureau alleging violations of the V-Chip technology requirements.
 - (e) “Compliance Plan” means the program described in this Consent Decree at paragraph 8.
 - (f) “Digital Television Receivers” or “DTV Receivers” means (i) digital television broadcast receivers with display screens in the 4:3 aspect ratio measuring 13 inches or larger diagonally, (ii) digital television broadcast receivers with display screens in the 16:9 aspect ratio measuring 7.8 inches or larger vertically, and (iii) devices with digital television broadcast tuners sold without an accompanying display device, such as DVR recorders.
 - (g) “Effective Date” means the date on which the Commission releases the Adopting Order.

¹ 47 U.S.C. § 303(c).

² 47 C.F.R. § 15.120(d)(2).

- (h) “Investigation” means the investigation commenced by the Bureau’s August 13, 2007 Letter of Inquiry³ regarding whether LGE violated section 330(c) of the Act, and section 15.120(d)(2) of the Rules, by shipping interstate digital television receivers that do not comply with the V-Chip technology requirements because they lack the ability to adapt to new rating systems.
- (i) “Order” or “Adopting Order” means an Order of the Bureau adopting the terms of this Consent Decree without change, addition, deletion, or modification.
- (j) “Parties” means LGE and the Bureau.
- (k) “LGE” means LG Electronics Inc. and LG Electronics USA, Inc.
- (l) “Rules” means the Commission’s regulations found in Title 47 of the Code of Federal Regulations.

II. BACKGROUND

2. Section 303(x) of the Act directs the Commission to prescribe rules that require television receivers with picture screens 13 inches or greater shipped in interstate commerce or manufactured in the United States to be equipped with a feature designed to enable viewers to block the display of all programs with a common rating.⁴ Section 330(c) of the Act provides that no person shall ship in interstate commerce or manufacture in the United States television receivers that do not comply with rules prescribed by the Commission pursuant to Section 303(x).⁵ The Commission adopted program blocking capability requirements for both analog and digital television (“DTV”) receivers in 1998.⁶ In 2004, the Commission adopted specific technical standards to implement V-Chip functionality for DTV receivers (“V-Chip technology requirements”).⁷ The DTV V-Chip technology requirements provide that, effective March 15, 2006, digital television receivers with picture screens 13 inches or greater that are shipped in interstate commerce must be equipped with V-Chip technology to allow blocking of the display of programming based on its content and be able to respond to changes in the content advisory rating system.⁸

3. On August 13, 2007, the Bureau issued a letter of inquiry (LOI) to LGE.⁹ The August 13, 2007 LOI directed LGE, among other things, to submit a sworn written response to a series of questions relating to its compliance with the DTV V-Chip technology requirements. LGE responded to the August

³ See Letter from Kathryn S. Berthot, Chief, Spectrum Enforcement Division, Enforcement Bureau, to Michael K. Ahn, President and CEO, LG Electronics USA, Inc. (August 13, 2007) (“August 13, 2007 LOI”).

⁴ 47 U.S.C. § 303(x).

⁵ 47 U.S.C. § 330(c).

⁶ *In the Matter of Technical Requirements to Enable Blocking of Video Programming Based on Program Rating, Implementation of Sections 551(c), (d), and (e) of the Telecommunications Act of 1996*, Report and Order, 13 FCC Rcd 11248 (1998).

⁷ *In the Matter of Second Periodic Review of the Commission’s Rules and Policies Affecting the Conversion to Digital Television*, Report and Order, 19 FCC Rcd 18279 (2004). The V-Chip technology requirements also apply to devices sold without an accompanying display device. *Id.* at 18348.

⁸ 47 C.F.R. § 15.120(d)(2).

⁹ See August 13, 2007 LOI.

13, 2007 LOI on September 28, 2007.¹⁰ In its response, LGE also voluntarily disclosed DTV V-Chip compliance issues with respect to certain of its DVD recorders.¹¹ LGE submitted a follow-up response to the LOI on December 14, 2007.¹²

III. TERMS OF AGREEMENT

4. **Adopting Order.** The Parties agree that the provisions of this Consent Decree shall be subject to final approval by the Bureau by incorporation of such provisions by reference in the Adopting Order without change, addition, modification, or deletion.

5. **Jurisdiction.** LGE agrees that the Bureau has jurisdiction over it and the matters contained in this Consent Decree and has the authority to enter into and adopt this Consent Decree.

6. **Effective Date; Violations.** 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 final Order of the Bureau. Any violation of the Adopting Order or of the terms of this Consent Decree shall constitute a separate violation of a Bureau Order, entitling the Bureau to exercise any rights and remedies attendant to the enforcement of a Commission Order.

7. **Termination of Investigation.** In express reliance on the covenants and representations in this Consent Decree and to avoid further expenditure of public resources, the Bureau agrees to terminate the Investigation and dismiss the Complaints. In consideration for termination by the Bureau of the Investigation and dismissal of the Complaints in accordance with the terms of this Consent Decree, LGE agrees to the terms, conditions, and procedures contained herein. The Bureau further agrees that in the absence of new material evidence, the Bureau will not use the facts developed in this Investigation through the Effective Date of the Consent Decree, or the existence of this Consent Decree, to institute, on its own motion, any new proceeding, formal or informal, or take any action on its own motion against LGE concerning the matters that were the subject of the Investigation. The Bureau also agrees that it will not use the facts developed in this investigation through the Effective Date of this Consent Decree, or the existence of this Consent Decree, to institute on its own motion any proceeding, formal or informal, or take any action on its own motion against LGE with respect to LGE's basic qualifications, including its character qualifications, to hold Commission authorizations.

8. **Compliance Plan.** For purposes of settling the matters set forth herein, LGE agrees to maintain a Compliance Plan related to future compliance with the Act, the Commission's Rules, and the Commission's Orders. The Compliance Plan will include the following components.

- (a) **Engineering Compliance Officer.** LGE will hire an engineering compliance officer ("ECO"), who will be responsible for developing, implementing and administering the Compliance Plan and ensuring that the Company's digital television reception devices are FCC-compliant. The ECO will act as an internal ombudsman for any Company employees to raise questions or concerns that arise with respect to the Company's compliance with FCC rules and regulations.

¹⁰ See Letter from Richard C. Wingate, Secretary and General Counsel, LG Electronics USA, Inc., to Jacqueline Ellington, Esq., Spectrum Enforcement Division, Enforcement Bureau (September 28, 2007) ("LOI Response").

¹¹ *Id.* at 2.

¹² See Letter from Richard C. Wingate, Secretary and General Counsel, LG Electronics USA, Inc., to Jacqueline Ellington, Esq., Spectrum Enforcement Division, Enforcement Bureau (December 14, 2007).

- (b) **FCC Compliance Consultant.** LGE will retain the services of a qualified consultant (“FCC Consultant”) knowledgeable of the FCC’s rules and requirements applicable to digital television reception devices. The FCC Consultant will be responsible for assisting the ECO in the development and implementation of the Compliance Plan.
- (c) **Compliance Manual.** LGE will create, maintain and update an FCC compliance manual – a copy of which will be available to all personnel involved in the design and manufacture of digital television reception devices as well as personnel responsible for overseeing the Company’s digital television products. The compliance manual will, among other things, describe the Commission’s rules and requirements applicable to the design, manufacture, distribution, marketing and sale of digital television reception devices. The compliance manual will encourage personnel to contact the ECO or the FCC Consultant with any questions or concerns that arise with respect to the Company’s FCC compliance.
- (d) **Compliance Training Program.** LGE will establish an FCC compliance training program for any employee who engages in activities related to the design and manufacture of digital television reception devices. Training sessions will be conducted at least annually for such employees to ensure compliance with the Act and the FCC’s regulations and policies and, for new employees who are engaged in such activities, within the first ninety (90) days of employment.
- (e) **Review and Monitoring.** LGE will review the Compliance Plan annually to ensure that it is maintained in a proper manner and continues to address the objectives set forth herein.
- (f) **Receiver Upgrades.** The Company has placed notices on its website (us.lge.com) advising consumers of the availability of free software upgrades to the program blocking functionality of certain models of the Company’s DTV Receivers. The Company will also mail or e-mail notices to those consumers in the Company’s database who have provided warranty registrations for the upgradeable models to advise them of the availability of the software upgrade. The Company will continue to offer the software upgrades via its website for five years from the Effective Date. For those consumers who cannot download the software upgrade via the Company’s website, the Company will provide a means for such consumers to request and obtain a free CD containing the software upgrade.
- (g) **Compliance Reports.** LGE will file compliance reports with the Commission ninety days after the Effective Date, twelve months after the Effective Date, and twenty-four months after the Effective Date. Each compliance report shall include a compliance certificate from an officer, as an agent of LGE, stating that the officer has personal knowledge that LGE has established operating procedures intended to ensure compliance with this Consent Decree, together with an accompanying statement explaining the basis for the officer’s compliance certification. All compliance reports shall be submitted to Chief, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554.
- (h) **Termination Date.** Unless stated otherwise, the requirements of this Consent Decree will expire twenty-four months after the Effective Date.

9. **Voluntary Contribution.** LGE agrees that it will make a voluntary contribution to the United States Treasury in the amount of \$1,700,000.00. The payment will be made within 30 days after the Effective Date of the Adopting Order. The payment must be made by check or similar instrument, payable to the order of the Federal Communications Commission. The payment must include the Account Number and FRN Number referenced in the caption to the Adopting Order. Payment by check or money order may be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis,

MO 63197-9000. Payment by overnight mail may be sent to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101. Payment by wire transfer may be made to ABA Number 021030004, receiving bank TREAS/NYC, and account number 27000001. For payment by credit card, an FCC Form 159 (Remittance Advice) must be submitted. When completing the FCC Form 159, enter the Account number in block number 23A (call sign/other ID), and enter the letters “FORF” in block number 24A (payment type code).

10. **Waivers.** LGE 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 Order adopting this Consent Decree, provided the Bureau issues an Order adopting the Consent Decree without change, addition, modification, or deletion. LGE shall retain the right to challenge Commission interpretation of the Consent Decree or any terms contained herein. If either Party (or the United States on behalf of the Commission) brings a judicial action to enforce the terms of the Adopting Order, neither LGE nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and LGE shall waive any statutory right to a trial *de novo*. LGE hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act, 5 U.S.C. § 504 and 47 C.F.R. § 1.1501 *et seq.*, relating to the matters addressed in this Consent Decree.

11. **Severability.** The Parties agree that if any of the provisions of the Adopting Order or the Consent Decree shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Adopting Order or Consent Decree, but rather the entire Adopting Order or Consent Decree shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the Parties shall be construed and enforced accordingly. In the event that this Consent Decree in its entirety is rendered invalid by any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.

12. **Subsequent Rule or Order.** The Parties agree that if any provision of this Consent Decree conflicts with any subsequent rule or Order adopted by the Commission (except an Order specifically intended to revise the terms of this Consent Decree to which LGE does not expressly consent) that provision will be superseded by such Commission rule or Order.

13. **Final Settlement.** The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties. The Parties further agree that this Consent Decree does not constitute either an adjudication on the merits or a factual or legal finding or determination regarding any compliance or noncompliance with the requirements of the Act or the Commission’s Rules and Orders.

14. **Modifications.** This Consent Decree cannot be modified without the advance written consent of both Parties.

15. **Paragraph Headings.** The headings of the Paragraphs in this Consent Decree are inserted for convenience only and are not intended to affect the meaning or interpretation of this Consent Decree.

16. **Authorized Representative.** Each party represents and warrants to the other that it has full power and authority to enter into this Consent Decree.

17. **Counterparts.** This Consent Decree may be signed in any number of counterparts (including by facsimile), each of which, when executed and delivered, shall be an original, and all of which counterparts together shall constitute one and the same fully executed instrument.

Kris Anne Monteith
Chief
Enforcement Bureau

Date

LG Electronics Inc.

By: Michael Ahn
President & CEO
LG Electronics North America

Date

LG Electronics USA, Inc.

By: Teddy Hwang
President

Date