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

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In the Matter of)	File No. EB-09-SE-181
Locus Telecommunications, Inc.)	NAL/Acct. No. 201032100014
)	FRN 0010729515
)	

NOTICE OF APPARENT LIABILITY FOR FORFEITURE

Adopted: January 14, 2010 Released: January 14, 2010

By the Chief, Spectrum Enforcement Division, Enforcement Bureau:

I. INTRODUCTION

1. In this *Notice of Apparent Liability for Forfeiture* ("*NAL*"), we find that Locus Telecommunications, Inc. ("Locus"), a reseller of digital wireless services, apparently willfully violated the wireless handset hearing aid compatibility status report filing requirements set forth in Section 20.19(i)(1) of the Commission's Rules ("Rules")² and apparently willfully and repeatedly violated the public web site posting requirements set forth in Section 20.19(h) of the Rules.³ For these apparent violations, we propose a total forfeiture in the amount of twelve thousand dollars (\$12,000).

II. BACKGROUND

2. In the 2003 *Hearing Aid Compatibility Order*, the Commission adopted several measures to enhance the ability of individuals with hearing disabilities to access digital wireless telecommunications.⁴ The Commission established technical standards that digital wireless handsets must meet to be considered compatible with hearing aids operating in acoustic coupling and inductive coupling (telecoil) modes.⁵ The Commission further established, for each standard, deadlines by which manufacturers and service providers were required to offer specified numbers or percentages of digital wireless handsets per air interface⁶ that are compliant with the relevant standard if they did not come

⁴ The Commission adopted these requirements for digital wireless telephones under the authority of the Hearing Aid Compatibility Act of 1988, codified at Section 710(b)(2)(C) of the Communications Act of 1934, as amended, 47 U.S.C. § 610(b)(2)(C). See Section 68.4(a) of the Commission's Rules Governing Hearing Aid-Compatible Telephones, Report and Order, 18 FCC Rcd 16753, 16787 ¶ 89 (2003); Erratum, 18 FCC Rcd 18047 (2003) ("Hearing Aid Compatibility Order"); Order on Reconsideration and Further Notice of Proposed Rulemaking, 20 FCC Rcd 11221 (2005) ("Hearing Aid Compatibility Reconsideration Order").

¹ Locus Telecommunications, Inc. also holds both domestic and international Section 214 authorizations.

² 47 C.F.R. § 20.19(i)(1).

³ 47 C.F.R. § 20.19(h).

⁵ See Hearing Aid Compatibility Order, 18 FCC Rcd at 16777 ¶ 56; 47 C.F.R. §§ 20.19(b)(1) and (2).

⁶ The term "air interface" refers to the technical protocol that ensures compatibility between mobile radio service equipment, such as handsets, and the service provider's base stations. Currently, the leading air interfaces include Code Division Multiple Access (CDMA), Global System for Mobile Communications (GSM), Integrated Dispatch Enhanced Network (iDEN) and Wideband Code Division Multiple Access (WCDMA) a/k/a Universal Mobile Telecommunications System (UMTS).

under the *de minimis* exception. ⁷ In February 2008, as part of a comprehensive reconsideration of the effectiveness of the hearing aid compatibility rules, the Commission released an order that, among other things, adopted new compatible handset deployment benchmarks beginning in 2008. ⁸

- Of primary relevance, the Commission also adopted reporting requirements to ensure that it could monitor the availability of these handsets and to provide valuable information to the public concerning the technical testing and commercial availability of hearing aid-compatible handsets, including on the Internet. The Commission initially required manufacturers and digital wireless service providers to report every six months on efforts toward compliance with the hearing aid compatibility requirements for the first three years of implementation (May 17, 2004, November 17, 2004, May 17, 2005, November 17, 2005, May 17, 2006 and November 17, 2006), and then annually thereafter through the fifth year of implementation (November 19, 2007 and November 17, 2008). In its 2008 Hearing Aid Compatibility First Report and Order, the Commission extended these reporting requirements with certain modifications on an open ended basis, beginning January 15, 2009. The Commission also made clear that these reporting requirements apply to service providers that fit within the *de minimis* exception.¹² In addition, the Commission instituted a requirement that manufacturers and service providers with publicly-accessible web sites maintain a list of hearing aid-compatible handset models and certain information regarding those models on their web sites.¹³ The web site postings, which must be updated within 30 days of a change in a manufacturer's or service provider's offerings, will enable consumers to obtain up-to-date hearing aid compatibility information from their service providers. 14
- 4. Locus failed to file the required hearing aid compatibility status report for the period July 1, 2008 through December 31, 2008 (due January 15, 2009). Locus also failed to post on its web site required information concerning the ratings and level of functionality of its hearing aid-compatible handset models. The Wireless Telecommunications Bureau ("WTB") referred Locus's apparent violation of the reporting requirement to the Enforcement Bureau for possible enforcement action.
- 5. On November 20, 2009, the Enforcement Bureau's Spectrum Enforcement Division ("Division") issued Locus a Letter of Inquiry ("LOI"), 15 to which Locus responded on December 11,

⁷ See Hearing Aid Compatibility Order, 18 FCC Rcd at 16780 ¶ 65; 47 C.F.R. §§ 20.19(c), (d). The *de minimis* exception provides that manufacturers or mobile service providers that offer two or fewer digital wireless handset models per air interface are exempt from the hearing aid compatibility deployment requirements, and manufacturers or mobile service providers that offer three digital wireless handset models per air interface must offer at least one compliant model. 47 C.F.R. § 20.19(e).

⁸ See Amendment of the Commission's Rules Governing Hearing Aid-Compatible Mobile Handsets, First Report and Order, 23 FCC Rcd 3406 (2008) ("Hearing Aid Compatibility First Report and Order"), Order on Reconsideration and Erratum, 23 FCC Rcd 7249 (2008).

⁹ See Hearing Compatibility First Report and Order, 23 FCC Rcd at 3443 ¶ 91.

¹⁰ Hearing Aid Compatibility Order, 18 FCC Rcd at 16787 ¶ 89; see also Wireless Telecommunications Bureau Announces Hearing Aid Compatibility Reporting Dates for Wireless Carriers and Handset Manufacturers, Public Notice, 19 FCC Rcd 4097 (Wireless Tel. Bur. 2004).

¹¹ See Hearing Compatibility First Report and Order, 23 FCC Rcd at 3445-46 ¶¶ 97-99.

¹² *Id*. at ¶ 99.

¹³ *Id.* at 3450 ¶ 112.

¹⁴ *Id*.

¹⁵ See Letter from Kathy S. Berthot, Chief, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission to Jason Chon, President and CEO, Locus Telecommunications, Inc. (November 20, 2009) ("LOI").

2009. ¹⁶ In its LOI Response, Locus admitted that it failed to submit the status report on January 15, 2009. ¹⁷ Locus explained that it was unaware of the filing requirements until it received the LOI. ¹⁸ Locus further admitted that while it lists on its web site the handsets the company currently offers, it failed to "highlight" those handsets that are hearing aid-compatible, provide information on the ratings of those models and explain the rating system. ¹⁹ Locus stated that it would take necessary steps to come into compliance with the requirements of Sections 20.19(h) and (i)(1) of the Rules. ²⁰

III. DISCUSSION

A. Failure to File Timely Hearing Aid Compatibility Status Report

6. Section 20.19(i)(1) of the Rules requires service providers to submit hearing aid compatibility status reports under the current rules initially on January 15, 2009 (covering the six month period ending December 31, 2008) and then annually thereafter.²¹ These reports are necessary to enable the Commission to perform its enforcement function and evaluate whether Locus is in compliance with Commission mandates that were adopted to facilitate the accessibility of hearing aid-compatible wireless handsets. These reports also provide valuable information to the public concerning the technical testing and commercial availability of hearing aid-compatible handsets. Locus admitted that it did not file the required hearing aid compatibility status report on January 15, 2009. Accordingly, we find that Locus failed to timely file the hearing aid compatibility status reports due on January 15, 2009 in apparent willful²² violation of the requirements set forth in Section 20.19(i)(1) of the Rules.²³

B. Failure to Post Required Information Concerning Hearing Aid-Compatible Handset Models on its Public Web Site

7. Section 20.19(h) of the Rules requires that, beginning January 15, 2009, each manufacturer and service provider that operates a publicly-accessible web site make available on its web site a list of all hearing aid-compatible handset models currently offered, the ratings of those models, and an explanation of the rating system. Section 20.19(h) also requires service providers to post on their web

¹⁶ See Letter from Nelson J. Gomez, VP-Risk Management, Locus Telecommunications, Inc. to Karen Mercer, Spectrum Enforcement Division, Enforcement Bureau. Federal Communications Commission (December 11, 2009) ("LOI Response").

¹⁷ *Id*. at 1.

¹⁸ *Id*.

¹⁹ *Id.* at 2.

²⁰ *Id.* at 1 and 2. Locus did not take steps to comply with the rules until after it received the Division's LOI. Apparently, Locus then posted the required information for its hearing aid-compatible handset models on its web site at www.shoplocus.com. To date, however, it does not appear that Locus has submitted its January 15, 2009 report.

²¹ 47 C.F.R. § 20.19(i)(1).

²² Section 312(f)(1) of the Act defines "willful" as "the conscious and deliberate commission or omission of [any] act, irrespective of any intent to violate" the law. 47 U.S.C. § 312(f)(1). The legislative history of Section 312(f)(1) of the Act clarifies that this definition of willful applies to both Sections 312 and 503(b) of the Act, H.R. Rep. No. 97-765, 97th Cong. 2d Sess. 51 (1982), and the Commission has so interpreted the term in the Section 503(b) context. See Southern California Broadcasting Co., Memorandum Opinion and Order, 6 FCC Rcd 4387, 4388 ¶ 5 (1991), recon. denied, 7 FCC Rcd 3454 (1992) ("Southern California"); see also Telrite Corporation, Notice of Apparent Liability for Forfeiture, 23 FCC Rcd 7231, 7237 ¶ 12 (2008); Regent USA, Notice of Apparent Liability for Forfeiture, 22 FCC Rcd 10520, 10523 ¶ 9 (2007); San Jose Navigation, Inc., Forfeiture Order 22 FCC Rcd 1040, 1042 ¶ 9 (2007).

²³ 47 C.F.R. § 20.19(i)(1).

sites the level of functionality of each model and an explanation of the service provider's methodology for designating levels of functionality. In addition, the Commission has stated that any changes to a manufacturer's or service provider's offerings must be reflected on its public web site listing within 30 days of the change.²⁴ These web site postings provide consumers up-to-date hearing aid compatibility information.

8. Locus offers a number of wireless phones and plans which are advertised on its publicly accessible website. Locus admitted, however, that it did not distinguish the handsets that are hearing aid-compatible, which would make it impossible for consumers to determine which handsets had this functionality. In addition, Locus failed to provide information on the ratings of those models and an explanation of the rating system. Locus also did not specify the level of functionality for each model and provide an explanation of its methodology for designating levels of functionality on its web site. ²⁵ Accordingly, we find that Locus failed to meet the web site information posting requirements in apparent willful and repeated violation of Section 20.19(h) of the Rules. ²⁷

C. Proposed Forfeiture

- 9. Under Section 503(b)(1)(B) of the Act, any person who is determined by the Commission to have willfully or repeatedly failed to comply with any provision of the Act or any rule, regulation, or order issued by the Commission shall be liable to the United States for a forfeiture penalty.²⁸ To impose such a forfeiture penalty, the Commission must issue a notice of apparent liability and the person against whom such notice has been issued must have an opportunity to show, in writing, why no such forfeiture penalty should be imposed.²⁹ The Commission will then issue a forfeiture if it finds by a preponderance of the evidence that the person has violated the Act or a Commission rule.³⁰ Under this standard, we conclude that Locus is apparently liable for forfeiture for its failure to timely file the required hearing aid compatibility status report in apparent willful violation of Section 20.19(i)(1) of the Rules, and for its failure to post the required information regarding its hearing aid-compatible handsets on its web site in apparent willful and repeated violation of Section 20.19(h) of the Rules.
- 10. The Commission's *Forfeiture Policy Statement* and Section 1.80(b) of the Rules set a base forfeiture amount of \$3,000 for the failure to file required forms or information.³¹ While the base forfeiture requirements are guidelines lending some predictability to the forfeiture process, the Commission retains the discretion to depart from these guidelines and issue forfeitures on a case-by-case basis, under its general forfeiture authority contained in Section 503 of the Act.³² In exercising such

²⁴ See Hearing Compatibility First Report and Order, 23 FCC Rcd at 3450 ¶ 112.

²⁵ See 47 C.F.R. § 20.19(h).

²⁶ Section 312(f)(2) defines "repeated" as "the commission or omission of such act more than once or, if such commission or omission is continuous, for more than one day." 47 U.S.C. § 312(f)(2). As with the definition of "willful," the Commission has interpreted the term to apply to forfeiture proceedings. *See Southern California, supra.*

²⁷ 47 C.F.R. § 20.19(h).

²⁸ 47 U.S.C. § 503(b)(1)(B); 47 C.F.R. § 1.80(a)(1).

²⁹ 47 U.S.C. § 503(b); 47 C.F.R. § 1.80(f).

³⁰ See, e.g., SBC Communications, Inc., Forfeiture Order, 17 FCC Rcd 7589, 7591 ¶ 4 (2002).

³¹ 47 C.F.R. § 1.80(b).

³² See Forfeiture Policy Statement, 12 FCC Rcd at 17099 ¶ 22, 17101 ¶ 29. See also 47 C.F.R. §1.80(b)(4) ("The Commission and its staff may use these guidelines in particular cases [and] retain the discretion to issue a higher or lower forfeiture than provided in the guidelines, to issue no forfeiture at all, or to apply alternative or additional sanctions as permitted by the statute.") (emphasis added).

discretion, we are required to take into account "the nature, circumstances, extent, and gravity of the violation and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require."

- We have exercised our discretion to set a higher base forfeiture amount for violations of the wireless hearing aid compatibility reporting requirements. In the American Samoa Telecommunications Authority NAL, we found that the status reports are essential to the implementation and enforcement of the hearing aid compatibility rules.³⁴ The Commission relies on these reports to provide consumers with information regarding the technical specifications and commercial availability of hearing aid-compatible digital wireless handsets and to hold the digital wireless industry accountable to the increasing number of hearing-impaired individuals.³⁵ We noted that when setting an \$8,000 base forfeiture for violations of the hearing aid-compatible handset labeling requirements, the Commission emphasized that individuals with hearing impairments could only take advantage of critically important public safety benefits of digital wireless services if they had access to accurate information regarding hearing aid compatibility features of handsets.³⁶ We also noted that the Commission has upwardly adjusted the base forfeiture when noncompliance with filing requirements interferes with the accurate administration and enforcement of Commission rules.³⁷ Because the failure to file hearing aid compatibility status reports implicates similar public safety and enforcement concerns, we exercised our discretionary authority and established a base forfeiture amount of \$6,000 for failure to file a hearing aid compatibility report.³⁸ Consistent with ASTCA, we believe the established \$6,000 base forfeiture for violation of the hearing aid compatibility reporting requirement should apply here, for a proposed forfeiture of \$6,000.
- 12. Failure to file these reports, as is the case here, can have an adverse impact on the Commission's ability to ensure the commercial availability of hearing aid-compatible digital wireless handsets, to the detriment of consumers. Locus's failure to file the report on time had an adverse impact on the Commission's ability to ensure the commercial availability of hearing aid-compatible digital wireless handsets. We do not believe that the circumstances presented warrant any downward adjustment of the proposed forfeiture amount. It is well established that a violator's lack of knowledge or erroneous beliefs are not a mitigating factor warranting a forfeiture reduction.³⁹ Accordingly, we propose a

³⁷ *Id*.

³³ 47 U.S.C. § 503(b)(2)(E). *See also* 47 C.F.R. § 1.80(b)(4), Note to paragraph (b)(4): Section II. Adjustment Criteria for Section 503 Forfeitures.

³⁴ See American Samoa Telecommunications Authority, Notice of Apparent Liability for Forfeiture, 23 FCC Rcd 16432 (Enf. Bur., Spectrum Enf. Div. 2008), response pending ("ASTCA").

³⁵ See ASTCA, 23 FCC Rcd at 16436-7 ¶ 10.

³⁶ *Id*.

³⁸ *Id*.

³⁹ See, e.g., *Profit Enterprises*, *Inc.*, 8 FCC Rcd 2846, 2846 ¶ 5 (1993) (denying the mitigation claim of a manufacturer/distributor who thought that the equipment certification and marketing requirements were inapplicable, stating that its "prior knowledge or understanding of the law is unnecessary to a determination of whether a violation existed ... ignorance of the law is [not] a mitigating factor"); *Lakewood Broadcasting Service*, *Inc.*, 37 FCC 2d 437, 438 ¶ 6 (1972) (denying a mitigation claim of a broadcast licensee who asserted an unfamiliarity with the station identification requirements, stating that licensees are expected "to know and conform their conduct to the requirements of our rules"); *Kenneth Paul Harris*, *Sr.*, 15 FCC Rcd 12933, 12935 ¶ 7 (Enf. Bur. 2000) (denying a mitigation claim of a broadcast licensee, stating that its ignorance of the law did not excuse the unauthorized transfer of the station); *Maxwell Broadcasting Group*, *Inc.*, 8 FCC Rcd 784, 784 ¶ 2 (MMB 1993) (denying a mitigation claim of a noncommercial broadcast licensee, stating that the excuse of "inadverten[ce], due to inexperience and ignorance of the rules ... are not reasons to mitigate a forfeiture" for violation of the advertisement restrictions).

forfeiture of \$6,000 against Locus for apparently willfully failing to timely file its January 15, 2009 hearing aid compatibility status report in violation of Section 20.19(i)(1) of the Rules.⁴⁰

- 13. Turning to the violation of the website posting requirements, no base forfeiture amount has previously been established for violation of Section 20.19(h) of the Rules. However, the fact that the *Forfeiture Policy Statement* does not specify a base amount does not indicate that no forfeiture should be imposed. The *Forfeiture Policy Statement* states that "any omission of a specific rule violation" from the forfeiture guidelines "should not signal that the Commission considers any unlisted violation as nonexistent or unimportant." The Commission retains the discretion, moreover, to depart from the *Forfeiture Policy Statement* and issue forfeitures on a case-by-case basis, under its general forfeiture authority contained in Section 503 of the Act. As noted above, the base forfeiture amount for "failure to file required forms or information" is \$3,000. In determining the appropriate forfeiture amount for violation of the web site information posting requirements, we take into account that these requirements are "essential to the proper functioning of our hearing aid compatibility rules" and serve to increase the availability of up-to-date hearing aid compatibility information to consumers and service providers. Thus, we view a manufacturer's or service provider's failure to list the required hearing aid-compatible handset information on its web site as similar to its failure to submit the required hearing aid compatibility status report.
- 14. In particular, we find that the web site may be the primary means through which consumers obtain information, and that the updated information between status reports is likely to be critical to both consumers and service providers. As the Commission noted in the 2008 *Hearing Aid Compatibility First Report and Order*, information provided in the status reports will inevitably become dated over the course of a year. The web site postings, which must be updated within 30 days of a change in a manufacturer's or service provider's offerings, will enable consumers to obtain up-to-date hearing aid compatibility information from their service providers and will also enable service providers to readily obtain up-to-date information from their manufacturer suppliers. Accordingly, the same considerations that led us to increase the base forfeiture for hearing aid compatibility status reporting violations also apply to the requirement for web posting. We therefore establish \$6,000 as the base forfeiture amount for violation of Section 20.19(h).
- 15. As noted above, Locus acknowledged that in addition to its failure to identify which of its handset offerings were hearing aid-compatible, it also failed to provide information about the ratings of its hearing aid-compatible handset models or an explanation of the rating system on its web site, and did not specify the level of functionality for each model and provide an explanation of its methodology for designating levels of functionality on its web site. Locus presents no mitigating factors in its LOI Response justifying a downward adjustment to the \$6,000 base forfeiture. Accordingly, we propose a forfeiture of \$6,000 against Locus for apparently willfully and repeatedly⁴⁷ failing to provide required

⁴⁰ 47 C.F.R. § 20.19(i)(1).

⁴¹ See Forfeiture Policy Statement. 12 FCC Rcd at 17099.

⁴² *Id*.

⁴³ 47 C.F.R. § 1.80(b).

⁴⁴ See Hearing Compatibility First Report and Order, 23 FCC Rcd at 3450 ¶ 112.

⁴⁵ *Id*.

⁴⁶ *Id*.

⁴⁷ In this regard, we note that each manufacturer and service provider is required to continuously maintain the required information concerning its hearing aid-compatible handset models on its web site and to update the web sites within 30 days of a change in its handset offerings.

information concerning its hearing aid-compatible handset models on its public web site in violation of Section 20.19(h) of the Rules.⁴⁸

16. Thus, we propose an aggregate forfeiture of \$12,000 against Locus for its apparent willful violation of Section 20.19(i)(1) of the Rules and its apparent willful and repeated violation of Section 20.19(h) of the Rules.

IV. ORDERING CLAUSES

- 17. Accordingly, **IT IS ORDERED** that, pursuant to Section 503(b) of the Act, and Section 1.80 of the Rules, Locus **IS NOTIFIED** of its **APPARENT LIABILITY FOR A FORFEITURE** in the amount of twelve thousand dollars (\$12,000) for failing to file its hearing aid compatibility status report in apparent willful violation of Section 20.19(i)(1) of the Rules, and for failing to post required information concerning its hearing aid-compatible handset models on its public web site in apparent willful and repeated violation of Section 20.19(h) of the Rules.
- 18. **IT IS FURTHER ORDERED** that, pursuant to Section 1.80 of the Rules, within thirty days of the release date of this Notice of Apparent Liability for Forfeiture, Locus **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture.
- 19. Payment of the forfeiture must be made by check or similar instrument, payable to the order of the Federal Communications Commission. The payment must include the NAL/Account Number and FRN Number referenced above. 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 NAL/Account number in block number 23A (call sign/other ID), and enter the letters "FORF" in block number 24A (payment type code). Requests for full payment under an installment plan should be sent to: Chief Financial Officer -- Financial Operations, 445 12th Street, S.W., Room 1-A625, Washington, D.C. 20554. Please contact the Financial Operations Group Help Desk at 1-877-480-3201 or Email: ARINQUIRIES@fcc.gov with any questions regarding payment procedures. Locus will also send electronic notification on the date said payment is made to Karen.Mercer@fcc.gov and JoAnn.Lucanik@fcc.gov.
- 20. The written statement seeking reduction or cancellation of the proposed forfeiture, if any, must include a detailed factual statement supported by appropriate documentation and affidavits pursuant to Sections 1.80(f)(3) and 1.16 of the Rules. The written statement must be mailed to the Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554, ATTN: Enforcement Bureau Spectrum Enforcement Division, and must include the NAL/Acct. No. referenced in the caption. The statement should also be emailed to JoAnn Lucanik at JoAnn.Lucanik@fcc.gov and Karen.Mercer@fcc.gov.
- 21. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits: (1) federal tax returns for the most recent three-year period; (2) financial statements prepared according to generally accepted accounting practices; or (3) some other reliable and objective documentation that accurately reflects the petitioner's current financial status. Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation submitted.
 - 22. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for

⁴⁸ 47 C.F.R. § 20.19(h).

Forfeiture shall be sent by first class mail and certified mail return receipt requested to Mr. Nelson J. Gomez, VP-Risk Management, Locus Telecommunications, Inc., 111 Sylvan Avenue, Englewood, New Jersey 07632.

FEDERAL COMMUNICATIONS COMMISSION

Kathryn S. Berthot Chief, Spectrum Enforcement Division Enforcement Bureau