

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

In the Matter of
Hyoco Distribution Inc.
File No.: EB-SED-17-00024679
Acct. No.: 201832100029
FRN: 0027825116

ORDER

Adopted: October 10, 2018

Released: October 10, 2018

By the Deputy Chief, Enforcement Bureau:

1. The Enforcement Bureau (Bureau) of the Federal Communications Commission has entered into a Consent Decree to resolve its investigation into whether Hyoco Distribution, Inc. (Hyoco) marketed light-emitting diode (LED) signs used in digital billboards and other commercial and industrial applications, without the required equipment authorization, labeling, and user manual disclosures in violation of the Commission’s rules. These rules ensure that radio-frequency devices marketed in the United States do not interfere with authorized communications, thereby maintaining network integrity and security and protecting consumers. To settle this matter, Hyoco admits that it violated the Commission’s rules, will implement a compliance plan, and will pay a \$21,000 civil penalty.

2. 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 referenced investigation regarding Hyoco’s compliance with the equipment authorization, labeling, and user manual disclosure rules in effect at the time of the violations, Section 302(b) of the Communications Act of 1934, as amended (Act)¹, and Sections 2.803, 2.955, 15.19, 15.21, 15.101, and 15.105 of the Commission’s rules.²

3. In the absence of material new evidence relating to this matter, we do not set for hearing the question of Hyoco’s basic qualifications to hold or obtain any Commission license or authorization.³

4. Accordingly, IT IS ORDERED that, pursuant to Section 4(i) of the Act,⁴ and the authority delegated by Sections 0.111 and 0.311 of the Commission’s rules,⁵ the attached Consent Decree IS ADOPTED and its terms incorporated by reference.

5. IT IS FURTHER ORDERED that the above-captioned matter IS TERMINATED.

¹ 47 U.S.C. § 302a(b).

² 47 CFR §§ 2.803, 2.955, 15.19, 15.21, 15.101, 15.105 (2017). Some of the rules in effect at the time the violations occurred were subsequently amended. The new rules became effective on November 2, 2017. See Amendment of Parts 0, 1, 2, 15, and 18 of the Commission’s Rules Regarding Authorization of Radiofrequency Equipment, Report and Order, 32 FCC Rcd 8746 (2017).

³ See 47 CFR § 1.93(b).

⁴ 47 U.S.C. § 154(i).

⁵ 47 CFR §§ 0.111, 0.311.

6. **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 Edward T. Hu, Chief Executive Officer, Hyoco Distribution, Inc., 9828 Research Drive, Irvine, CA 92618.

FEDERAL COMMUNICATIONS COMMISSION

Christopher L. Killion
Deputy Chief
Enforcement Bureau

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CONSENT DECREE

1. The Enforcement Bureau of the Federal Communications Commission and Hyoco Distribution Inc. (Hyoco), by their authorized representatives, hereby enter into this Consent Decree for the purpose of terminating the Enforcement Bureau’s investigation into whether Hyoco violated Section 302(b) of the Communications Act of 1934, as amended,6 and Sections 2.803, 2.955, 15.19, 15.21, 15.101, and 15.105 of the Commission’s rules.7

I. DEFINITIONS

- 2. For the purposes of this Consent Decree, the following definitions shall apply:
(a) “Act” means the Communications Act of 1934, as amended.8
(b) “Adopting Order” means an order of the Bureau adopting the terms of this Consent Decree without change, addition, deletion, or modification.
(c) “Bureau” means the Enforcement Bureau of the Federal Communications Commission.
(d) “Commission” and “FCC” mean the Federal Communications Commission and all of its bureaus and offices.
(e) “Communications Laws” means collectively, the Act, the Rules, and the published and promulgated orders and decisions of the Commission to which Hyoco is subject by virtue of its business activities, including but not limited to the Equipment Marketing Rules.
(f) “Compliance Plan” means the compliance obligations, program, and procedures described in this Consent Decree at paragraph 13.
(g) “Covered Employees” means all employees and agents of Hyoco who perform, or supervise, oversee, or manage the performance of, duties that relate to Hyoco’s responsibilities under the Communications Laws, including the Equipment Marketing Rules.

6 47 U.S.C. § 302a(b).

7 47 CFR §§ 2.803, 2.955, 15.19, 15.21, 15.101, 15.105. Some of the rules in effect at the time the violations occurred were subsequently amended and became effective on November 2, 2017. See Amendment of Parts 0, 1, 2, 15, and 18 of the Commission’s Rules Regarding Authorization of Radiofrequency Equipment, Report and Order, 32 FCC Rcd 8746 (July 2017) (Equipment Authorization Order). This settlement resolves violations prior to the effective date of the amended rules and sets forth obligations for compliance with the current rules.

8 47 U.S.C. § 151 et seq.

- (h) “Effective Date” means the date by which both the Bureau and Hyoco have signed the Consent Decree.
- (i) “Equipment Marketing Rules” means Section 302(b) of the Act;⁹ Sections 2.803, 2.938 or 2.955, 2.1077, 15.19, 15.21, 15.101, and 15.105 of the Rules;¹⁰ and other provisions of the Act, the Rules, and Commission orders related to the authorization of radio frequency devices and the marketing of such devices.
- (j) “Hyoco” or “Company” means Hyoco Distribution Inc. and its affiliates, subsidiaries, predecessors-in-interest, and successors-in-interest.
- (k) “Investigation” means the investigation commenced by the Bureau in File No. EB-SED-17-00024679 regarding whether Hyoco violated the Equipment Marketing Rules.¹¹
- (l) “Operating Procedures” means the standard internal operating procedures and compliance policies established by Hyoco to implement the Compliance Plan.
- (m) “Parties” means Hyoco and the Bureau, each of which is a “Party.”
- (n) “Rules” means the Commission’s regulations found in Title 47 of the Code of Federal Regulations.

II. BACKGROUND

3. Section 302 of the Act authorizes the Commission to promulgate reasonable regulations to minimize harmful interference by equipment that emits radio frequency energy.¹² Specifically, Section 302(b) of the Act provides that “[n]o person shall manufacture, import, sell, offer for sale, or ship devices or home electronic equipment and systems, or use devices, which fail to comply with regulations promulgated pursuant to this section.”¹³ The purpose of Section 302 of the Act is to ensure that radio transmitters and other electronic devices meet certain standards to control interference before they reach the market.

4. The Commission carries out its responsibilities under Section 302 of the Act in two ways. First, the Commission establishes technical requirements for transmitters and other equipment to minimize their potential for causing interference to authorized radio services. Second, the Commission administers an equipment authorization program to ensure that equipment reaching the market in the United States complies with the technical and administrative requirements set forth in the Rules. The equipment authorization program requires, among other things, that radio frequency devices must be tested for compliance with the applicable technical requirements prior to marketing.¹⁴ In that regard, Section 2.803(b) of the Rules prohibits the marketing of radio frequency devices unless the device has

⁹ *Id.* § 302a(b).

¹⁰ 47 CFR §§ 2.803, 2.938, 2.1077, 15.19, 15.101 (2018); *id.* §§ 2.803, 2.955, 15.19, 15.21, 15.101, 15.105 (2017).

¹¹ *See, e.g.*, Revised Letter of Inquiry from Aspasia A. Paroutsas, Chief, Spectrum Enforcement Division, FCC Enforcement Bureau, to Edward T. Hu, Chief Executive Officer, Hyoco Distribution Inc. (July 21, 2017) (LOI); Supplemental Letter of Inquiry from Aspasia A. Paroutsas, Chief, Spectrum Enforcement Division, FCC Enforcement Bureau, to Edward T. Hu, Chief Executive Officer, Hyoco Distribution Inc. (Oct. 3, 2017) (both on file in EB-SED-17-00024679).

¹² 47 U.S.C. § 302a.

¹³ *Id.* § 302a(b).

¹⁴ The term “marketing” is defined in the Rules and includes the “sale or lease, or offering for sale or lease, including advertising for sale or lease, or importation, shipment, or distribution for the purpose of selling or leasing or offering for sale or lease.” 47 CFR § 2.803(a).

first been properly authorized, identified, and labeled in accordance with the Rules, with limited exceptions.¹⁵

5. Hyoco is a privately held California corporation that imports light-emitting diode (LED) display signs that are manufactured in China. On July 21, 2017, after reviewing a complaint, the Bureau's Spectrum Enforcement Division issued a Letter of Inquiry (LOI) to Hyoco, directing it to submit a sworn written response to a series of questions related to its marketing of LED signs in the United States.¹⁶ The investigation revealed that Hyoco violated the Equipment Marketing Rules by marketing LED signs¹⁷ without the required equipment authorization, labeling, and user manual disclosures,¹⁸ and by failing to produce certain required test records.¹⁹ After receiving the LOI, Hyoco took steps to ensure that the LED signs at issue were brought into compliance with the equipment authorization, labeling, and user manual disclosure requirements in the Commission's Equipment Marketing Rules. The Company corrected the final deficiencies in June 2018.²⁰

6. The Bureau and Hyoco negotiated the following terms and conditions of settlement and hereby enter into this Consent Decree as provided herein.

III. TERMS OF AGREEMENT

7. **Adopting Order.** The provisions of this Consent Decree shall be incorporated by the Bureau in an Adopting Order.

8. **Jurisdiction.** Hyoco 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.

9. **Effective Date; Violations.** The Parties agree that this Consent Decree shall become effective on the Effective Date as defined herein. As of the Effective Date, the Parties agree that this Consent Decree shall have the same force and effect as any other order of the Commission.

10. **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. In consideration for the termination of the Investigation, Hyoco agrees to the terms, conditions, and procedures contained herein. The Bureau further agrees that, in the absence of new material evidence, it will not use the facts developed in the Investigation through the Effective Date, 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 Hyoco concerning the matters that were the subject of the Investigation. The Bureau also agrees that, in the absence of new material evidence, it will not use the facts developed in the Investigation through the Effective Date, or the existence of this Consent Decree, to institute on its own motion any proceeding, formal or informal, or to set for hearing the question of Hyoco's basic qualifications to be a Commission licensee or hold Commission licenses or authorizations.²¹

¹⁵ See *id.* §§ 2.803(b), (c).

¹⁶ See *supra* note 6.

¹⁷ Such signs constitute "unintentional radiators" within the meaning of Section 15.3(z) of the Commission's rules. 47 CFR § 15.3(z).

¹⁸ See, e.g., Letter of Inquiry Response from Edward T. Hu, Chief Executive Officer, Hyoco Distribution Inc., to Marlene H. Dortch, Secretary, FCC (Aug. 22, 2017); Supplemental Letter of Inquiry Response from Edward T. Hu, Chief Executive Officer, Hyoco Distribution Inc., Kevin Pittman, Spectrum Enforcement Division, FCC Enforcement Bureau (Oct. 17, 2017) (both on file in EB-SED-17-00024679).

¹⁹ 47 CFR § 2.955.

²⁰ Cf. 47 CFR §§ 2.803, 2.955, 15.19, 15.21, 15.101, 15.105 (2017).

²¹ See 47 CFR § 1.93(b).

11. **Admission of Liability.** Hyoco admits for the purpose of this Consent Decree and for Commission civil enforcement purposes, and in express reliance on the provisions of paragraph 10 herein, that its actions described in paragraph 5, herein, violated the Equipment Marketing Rules in effect during the Investigation.

12. **Compliance Officer.** Within thirty (30) calendar days after the Effective Date, Hyoco shall designate a senior corporate manager with the requisite corporate and organizational authority to serve as a Compliance Officer and to discharge the duties set forth below. The person designated as the Compliance Officer shall be responsible for developing, implementing, and administering the Compliance Plan and ensuring that Hyoco complies with the terms and conditions of the Compliance Plan and this Consent Decree. In addition to the general knowledge of the Communications Laws necessary to discharge his or her duties under this Consent Decree, the Compliance Officer shall have specific knowledge of the Equipment Marketing Rules prior to assuming his or her duties.

13. **Compliance Plan.** For purposes of settling the matters set forth herein, Hyoco agrees that it shall, within sixty (60) calendar days after the Effective Date, develop and implement a Compliance Plan designed to ensure future compliance with the Communications Laws and with the terms and conditions of this Consent Decree. With respect to the Equipment Marketing Rules, Hyoco will implement, at a minimum, the following procedures:

- (a) **Operating Procedures.** Within thirty (30) calendar days after the Effective Date, Hyoco shall establish Operating Procedures that all Covered Employees must follow to help ensure Hyoco's compliance with the Equipment Marketing Rules. Hyoco's Operating Procedures shall include internal procedures and policies specifically designed to ensure that all radio frequency devices to be marketed by Hyoco are properly authorized and compliant with the applicable technical and administrative standards and requirements prior to the initiation of marketing.²² Additionally, Hyoco will establish a procedure for retaining documentation supporting device compliance prior to the initiation of marketing.²³ Hyoco shall also develop a Compliance Checklist that describes the steps that a Covered Employee must follow to ensure compliance with the Equipment Marketing Rules.
- (b) **Compliance Manual.** Within sixty (60) calendar days after the Effective Date, the Compliance Officer shall develop and distribute a Compliance Manual to all Covered Employees. The Compliance Manual shall explain the Equipment Marketing Rules and set forth the Operating Procedures that Covered Employees shall follow to help ensure Hyoco's compliance with the Equipment Marketing Rules. Hyoco shall periodically review and revise the Compliance Manual as necessary to ensure that the information set forth therein remains current and accurate. Hyoco shall distribute any revisions to the Compliance Manual promptly to all Covered Employees.
- (c) **Compliance Training Program.** Hyoco shall establish and implement a Compliance Training Program in compliance with the Equipment Marketing Rules and the Operating Procedures. As part of the Compliance Training Program, Covered Employees shall be advised of Hyoco's obligation to report any noncompliance with the Equipment Marketing Rules under paragraph 14 of this Consent Decree and shall be instructed on how to disclose noncompliance to the Compliance Officer. All Covered Employees shall be trained pursuant to the

²² See *supra* note 9 and accompanying text.

²³ See 47 CFR §§ 2.938, 2.945 (2018); *id.* § 2.955 (2017); see also *Equipment Authorization Order*, 32 FCC Rcd at 8786-88, Appx. A.

Compliance Training Program within sixty (60) calendar days after the Effective Date, except that any person who becomes a Covered Employee at any time after the initial Compliance Training Program shall be trained within thirty (30) calendar days after the date such person becomes a Covered Employee. Hyoco shall repeat compliance training on an annual basis and shall periodically review and revise the Compliance Training Program as necessary to ensure that it remains current and complete and to enhance its effectiveness.

14. **Reporting Noncompliance.** Hyoco shall report any noncompliance with the Equipment Marketing Rules and with the terms and conditions of this Consent Decree within fifteen (15) calendar days after discovery of such noncompliance. Such reports shall include a detailed explanation of: (i) each instance of noncompliance; (ii) the steps that Hyoco has taken or will take to remedy such noncompliance; (iii) the schedule on which such remedial actions will be taken; and (iv) the steps that Hyoco has taken or will take to prevent the recurrence of any such noncompliance. All reports of noncompliance shall be submitted to Chief, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Rm. 3-C366, Washington, DC 20554, with a copy submitted electronically to Kevin.Pittman@fcc.gov and EB-SED-Response@fcc.gov.

15. **Compliance Reports.** Hyoco shall file compliance reports with the Commission ninety (90) calendar days after the Effective Date, twelve (12) months after the Effective Date, twenty-four (24) months after the Effective Date, and thirty-six (36) months after the Effective Date.

- (a) Each Compliance Report shall include a detailed description of Hyoco's efforts during the relevant period to comply with the terms and conditions of this Consent Decree and the Equipment Marketing Rules. In addition, each Compliance Report shall include a certification by the Compliance Officer, as an agent of and on behalf of Hyoco, stating that the Compliance Officer has personal knowledge that Hyoco: (i) has established and implemented the Compliance Plan; (ii) has utilized the Operating Procedures since the implementation of the Compliance Plan; and (iii) is not aware of any instances of noncompliance with the terms and conditions of this Consent Decree, including the reporting obligations set forth in paragraph 14 of this Consent Decree.
- (b) The Compliance Officer's certification shall be accompanied by a statement explaining the basis for such certification and shall comply with Section 1.16 of the Rules and be subscribed to as true under penalty of perjury in substantially the form set forth therein.²⁴
- (c) If the Compliance Officer cannot provide the requisite certification, the Compliance Officer, as an agent of and on behalf of Hyoco, shall provide the Commission with a detailed explanation of the reason(s) why and describe fully: (i) each instance of noncompliance; (ii) the steps that Hyoco has taken or will take to remedy such noncompliance, including the schedule on which proposed remedial actions will be taken; and (iii) the steps that Hyoco has taken or will take to prevent the recurrence of any such noncompliance, including the schedule on which such preventive action will be taken.
- (d) All Compliance Reports shall be submitted to Chief, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Rm. 3-C366, Washington, DC 20554, with a copy submitted electronically to Kevin.Pittman@fcc.gov and EB-SED-Response@fcc.gov.

16. **Termination Date.** Unless stated otherwise, the requirements set forth in paragraphs 12

²⁴ 47 CFR § 1.16.

through 15 of this Consent Decree shall expire thirty-six (36) months after the Effective Date.

17. **Civil Penalty.** Hyoco will pay a civil penalty to the United States Treasury in the amount of twenty-one thousand dollars (\$21,000) within thirty (30) calendar days of the Effective Date. Hyoco shall send electronic notification of payment to Kevin Pittman at Kevin.Pittman@fcc.gov and to SED at EB-SED-Response@fcc.gov on the date each payment is made. The payment must be made by check or similar instrument, wire transfer, or credit card, and must include the Account Number and FRN referenced above. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.²⁵ 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). Below are additional instructions that should be followed based on the form of payment selected:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payments (along with the completed Form 159) must be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment. The completed Form 159 must then be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

Questions regarding payment procedures should be addressed to the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

18. **Waivers.** As of the Effective Date, Hyoco 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. Hyoco 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 Consent Decree or the Adopting Order, neither Hyoco nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and Hyoco shall waive any statutory right to a trial *de novo*. Hyoco hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act²⁶ relating to the matters addressed in this Consent Decree.

19. **Severability.** The Parties agree that if any of the provisions of the Consent Decree shall be held unenforceable by any court of competent jurisdiction, such unenforceability shall not render unenforceable the entire Consent Decree, but rather the entire Consent Decree shall be construed as if not containing the particular unenforceable provision or provisions, and the rights and obligations of the Parties shall be construed and enforced accordingly.

20. **Invalidity.** 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

²⁵ An FCC Form 159 and detailed instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

²⁶ See 5 U.S.C. § 504; 47 CFR §§ 1.1501–1.1530.

legal proceeding.

21. **Subsequent Rule or Order.** The Parties agree that if any provision of the 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 Hyoco does not expressly consent) that provision will be superseded by such Rule or Order.

22. **Successors and Assigns.** Hyoco agrees that the provisions of this Consent Decree shall be binding on its successors, assigns, and transferees.

23. **Final Settlement.** The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties with respect to the Investigation.

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

25. **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.

26. **Authorized Representative.** Each Party represents and warrants to the other that it has full power and authority to enter into this Consent Decree. Each person signing this Consent Decree on behalf of a Party hereby represents that he or she is fully authorized by the Party to execute this Consent Decree and to bind the Party to its terms and conditions.

27. **Counterparts.** This Consent Decree may be signed in counterpart (including electronically or by facsimile). Each counterpart, when executed and delivered, shall be an original, and all of the counterparts together shall constitute one and the same fully executed instrument.

Christopher L. Killion
Deputy Chief
Enforcement Bureau

Date

Edward T. Hu
Chief Executive Officer
Hyoco Distribution Inc.

Date