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

In the Matter of	)	File No. EB-08-SE-1071
	)	NAL/Acct. No. 200932100015
Comcast Corporation	)	FRN 0015401581
	)	

NOTICE OF APPARENT LIABILITY FOR FORFEITURE AND ORDER

Adopted: January 19, 2009 **Released: January 19, 2009**

By the Chief, Enforcement Bureau:

I. INTRODUCTION

1. In this *Notice of Apparent Liability for Forfeiture and Order* ("*NAL*"), we find that Comcast Corporation ("Comcast") apparently willfully violated a Commission Order and Section 76.939 of the Commission's Rules ("Rules") in failing to respond fully to an Enforcement Bureau Letter of Inquiry.[1] We conclude, pursuant to Section 503(b) of the Communications Act of 1934, as amended ("Act"),[2] that Comcast is apparently liable for a forfeiture in the amount of twenty-five thousand dollars ($25,000). We also order Comcast to respond fully to the LOI within ten (10) days of release of this *NAL*. If Comcast again fails to submit a complete response, it will be subject to further enforcement action.

II. BACKGROUND

2. In response to consumer complaints against Comcast, on October 30, 2008, the Enforcement Bureau ("Bureau") issued a Letter of Inquiry ("LOI") regarding the company's migration of analog programming to digital tiers.[3] The LOI sought information concerning instances in which Comcast had migrated analog channels to a digital tier, including the channels affected, whether and how the company notified customers of the change, whether, in light of the change in service, the company permitted customers to change their service tier without charge, and the rates charged customers before and after the channel migration. The LOI also asked about Comcast's charges for digital set-top boxes as well as information regarding Comcast's subscriber rates and the rates it pays to video programmers.

3. Comcast's LOI Response fails to answer any of the questions posed by the Bureau, other than to make broad assertions that the company has complied with all relevant Commission Rules.[4]

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[1] 47 C.F.R. § 76.939.

[2] 47 U.S.C. § 503(b).

[3] Letter from Kathryn S. Berthot, Chief, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission to Mary McManus, Comcast Corporation (Oct. 30, 2008) ("LOI").

[4] Letter from Kathryn A. Zachem, Vice President, Regulatory and State Legislative Affairs, Comcast Corporation, to Holly Berland, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission (Nov. 13, 2008) ("LOI Response"). For example, the LOI asks for details about Comcast's compliance with the Commission's requirements for notice of service changes to customers and Local Franchising Authorities. Rather than providing such details, Comcast broadly asserts that "in all markets where analog channels are migrated to a digital format, Comcast's policy is to provide advance notice to its customers as well as the relevant local franchising authorities." *Id.* at 3.

Rather than answering the Bureau's inquiries, or even indicating that it is preparing a response, Comcast claims that the time permitted to prepare an LOI response was insufficient.[5] Without explicitly asserting that the Bureau's inquiry is unlawful, Comcast expresses a desire to meet with the Bureau to discuss "whether and how this LOI complies with the Bureau's established procedures and guidelines for investigations, as well as whether and how the LOI complies with the requirements and policies of the Paperwork Reduction Act ['PRA']."[6] Comcast also states that it "would like to understand better the bases for the questions raised in the LOI" because "the LOI appears to be premised on the view that the migration of cable systems from analog to digital is problematic" under the Act and Commission Rules.[7] According to Comcast, however, the statutory and regulatory provisions referenced in the LOI do not support that view.[8]

III. DISCUSSION

A. Failure to Respond Fully to the LOI

4. We find that Comcast's failure to fully respond to the Bureau's inquiry constitutes an apparent willful[9] violation of a Commission order and Section 76.939 of the Rules. The Bureau directed Comcast to provide certain information related to the movement of analog channels to digital tiers. This information was necessary to enable the Commission to perform its enforcement function and evaluate whether Comcast violated Commission rules. Comcast received the LOI but has failed to provide anything approaching a full and complete response.

5. The Commission has broad investigatory authority under Sections 4(i), 4(j), and 403 of the Act, FCC Rules, and relevant precedent. Section 4(i) authorizes the Commission to "issue such orders, not inconsistent with this Act, as may be necessary in the execution of its functions."[10] Section 4(j) states that "the Commission may conduct its proceedings in such manner as will best conduce to the proper dispatch of business and to the ends of justice."[11] Section 403 grants the Commission "full authority and power to institute an inquiry, on its own motion ... relating to the enforcement of any of the provisions of this Act."[12] Pursuant to Section 76.939 of the Rules, a cable operator must comply with FCC requests for information, orders, and decisions.[13] In carrying out this obligation, a cable operator also must provide truthful and accurate statements to the Commission or its staff in any investigatory or adjudicatory matter within the Commission's jurisdiction.[14] Lastly, numerous FCC decisions have

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[5] *Id.* at 4 (emphasis in original).

[6] *Id.*

[7] *Id.* at 5.

[8] *Id.*

[9] 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 indicates 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, e.g., Southern California Broadcasting Co.*, Memorandum Opinion and Order, 6 FCC Rcd 4387, 4387-88 ¶ 5 (1991) ("*Southern California Broadcasting*").

[10] 47 U.S.C. § 154(i).

[11] 47 U.S.C. § 154(j).

[12] 47 U.S.C. § 403.

[13] 47 C.F.R. § 76.939 ("Cable operators shall comply with ... the Commission's requests for information, orders, and decisions.").

[14] *See* 47 C.F.R. § 1.17.

reaffirmed the Commission's authority to investigate potential misconduct and punish those that disregard FCC inquiries.[15] The Commission delegated this authority to the Enforcement Bureau in Section 0.111(a)(16) of the Rules.[16]

6. As noted above, Comcast alleges that it could not have responded fully to the LOI because the amount of time allowed for the preparation of the company's LOI response was too brief.[17] Certain complaints regarding the migration of analog programming to a digital tier, however, allege that the cable operators are falsely linking the programming changes with the digital television transition. Because of the strong public interest in avoiding confusion about the transition and the rapidly approaching transition date, the Bureau determined that two weeks was an appropriate deadline and we conclude that two weeks was a reasonable deadline. Comcast does not dispute that this decision was within our discretion. Thus, Comcast was obligated to provide the requested information by our deadline. Moreover, we note that since it submitted its LOI response and while this matter remains under investigation by the Bureau, Comcast has neither contacted the Bureau about its response nor provided any supplemental information.

7. We reject Comcast's implication that it was not obligated to respond fully and completely to the Bureau's inquiry because the LOI allegedly violates the PRA and is therefore unenforceable.[18] According to a letter submitted by the National Cable & Telecommunications Association, the Commission has violated the PRA by sending similar inquiries to 10 or more persons without first seeking notice and comment and approval by the Office of Management and Budget.[19] We disagree. The LOI complies with the Paperwork Reduction Act because it is part of a targeted investigation of "specific individuals or entities," namely those companies that have been the subject of consumer complaints filed

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[15] *See, e.g., SBC Communications, Inc.*, Forfeiture Order, 17 FCC Rcd 7589, 7599-7600 ¶¶ 23-28 (ordering $100,000 forfeiture for egregious and intentional failure to certify the response to a Bureau inquiry) ("*SBC Forfeiture Order*"); *Digital Antenna, Inc.,* Notice of Apparent Liability for Forfeiture and Order, 23 FCC Rcd 7600, 7602 (Spectr. Enf. Div., Enf. Bur. 2008) (proposing $11,000 forfeiture for failure to provide a complete response to an LOI); *BigZoo.Com Corporation*, Forfeiture Order, 20 FCC Rcd 3954 (Enf. Bur. 2005) (ordering $20,000 forfeiture for failure to respond to an LOI).

[16] 47 C.F.R. §0.111(a)(16) (granting the Enforcement Bureau authority to "[i]dentify and analyze complaint information, conduct investigations, conduct external audits and collect information, including pursuant to sections 218, 220, 308(b), 403 and 409(e) through (k) of the Communications Act, in connection with complaints, on its own initiative or upon request of another Bureau or Office."). *See also* 47 C.F.R. §§0.111(a)(13) (Enforcement Bureau has authority to "[r]esolve complaints regarding multichannel video and cable television service under part 76 of the Commission's rules"); 0.311 (general delegated authority for Enforcement Bureau).

[17] LOI Response at 4.

[18] *Id.*

[19] *Id.* (attaching Letter from Kyle McSlarrow, President and CEO, National Cable & Telecommunications Association, to Chairman Kevin J. Martin and Commissioners Michael J. Copps, Jonathan S. Adelstein, Deborah Taylor Tate, and Robert M. McDowell, Federal Communications Commission at 5-7 (Nov. 12, 2008)).

with the Commission.[20] We find therefore that Comcast's failure to fully respond to the Bureau's inquiry constitutes an apparent willful[21] violation of a Commission order and Section 76.939 of the Rules.

B. Proposed Forfeiture

8. We conclude under applicable standards set forth in the Act, that Comcast is apparently liable for forfeiture for its apparent willful violation of a Commission Order and Section 76.939 of the Rules. 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.[22] 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.[23] 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.[24] We conclude under this standard that Comcast is liable for forfeiture for its apparent willful violation of a Commission Order and Section 76.939 of the Rules.

9. Under Section 503(b)(2)(A) of the Act,[25] we may assess a cable operator a forfeiture of up to $37,500 for each violation, or for each day of a continuing violation up to a maximum of $375,000 for a single act or failure to act. In exercising such authority, we are required to take into account "the

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[20] *See* 44 U.S.C. §3518(c)(1)(B)(ii); 5 C.F.R. §1320.4(a)(2) (cited in Letter from Matthew Berry, General Counsel, Federal Communications Commission, to Matthew A. Brill, Counsel for Time Warner Cable, Inc. at 1 (Nov. 12, 2008) ("Berry Letter")). We do not intend to suggest that the Commission may only commence an investigation in response to consumer complaints. As Section 403 of the Act makes clear, the Commission also may institute an investigation on its own motion. *See* 47 U.S.C. §403 ("The Commission shall have full authority and power at any time to institute an inquiry, on its own motion, in any case and as to any matter or thing concerning which complaint is authorized to be made....").

[21] 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 indicates 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, e.g., Southern California Broadcasting Co.*, Memorandum Opinion and Order, 6 FCC Rcd 4387, 4387-88 ¶ 5 (1991) ("*Southern California Broadcasting*").

[22] 47 U.S.C. § 503(b)(1)(B); 47 C.F.R. § 1.80(a)(1).

[23] 47 U.S.C. § 503(b); 47 C.F.R. § 1.80(f).

[24] *See SBC Forfeiture Order*, 17 FCC Rcd at 7591.

[25] 47 U.S.C. § 503(b)(2)(A). The Commission has amended Section 1.80(b)(3) of the Rules, 47 C.F.R. § 1.80(b)(3), three times to increase the maximum forfeiture amounts, in accordance with the inflation adjustment requirements contained in the Debt Collection Improvement Act of 1996, 28 U.S.C. § 2461. *See Amendment of Section 1.80 of the Commission's Rules and Adjustment of Forfeiture Maxima to Reflect Inflation*, 23 FCC Rcd 9845 (2008) (adjusting the maximum statutory amounts for broadcasters and cable operators from $32,500/$325,000 to $37,500/$375,000); *Amendment of Section 1.80 of the Commission's Rules and Adjustment of Forfeiture Maxima to Reflect Inflation,* Order, 19 FCC Rcd 10945 (2004) (adjusting the maximum statutory amounts for broadcasters and cable operators from $27,500/$300,000 to $32,500/$325,000); *Amendment of Section 1.80 of the Commission's Rules and Adjustment of Forfeiture Maxima to Reflect Inflation,* Order, 15 FCC Rcd 18221 (2000) (adjusting the maximum statutory amounts for broadcasters and cable operators from $25,000/$250,000 to $27,500/$300,000). The most recent inflation adjustment took effect September 2, 2008 and applies to violations that occur after that date. *See* 73 Fed. Reg. 44663-5. Comcast's apparent violations occurred after September 2, 2008 and are therefore subject to the higher forfeiture limits.

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."[26]

10. Section 1.80 of the Rules and the Commission's *Forfeiture Policy Statement* establish a base forfeiture amount of four thousand dollars ($4,000) for failure to respond to Commission communications.[27] We find that Comcast's failure to even attempt to respond to the LOI in the circumstances presented here warrants a significant increase to this base amount. Misconduct of this type exhibits contempt for the Commission's authority and threatens to compromise the agency's ability to adequately investigate violations of its rules. Prompt and full responses to Bureau inquiry letters are essential to the Commission's enforcement function. In this case, Comcast's apparent violations have delayed our investigation and inhibited our ability to examine allegations raised in consumer complaints and potentially touching on an area of critical importance -- the DTV transition. We further note that Comcast failed to provide a substantive response to the LOI even after receiving a specific warning from the Commission's General Counsel that such actions could be subject to enforcement penalties.[28]

11. Based on these facts, we therefore propose a twenty-five thousand dollar ($25,000) forfeiture against Comcast for failing to respond fully to Commission communications. This forfeiture amount is consistent with precedent in similar cases, where companies failed to provide responses to Bureau inquiries concerning compliance with the Commission's Rules despite evidence that the LOIs had been received.[29]

12. We also direct Comcast to respond fully to the October 30, 2008 LOI within ten (10) days of the release of this Notice of Apparent Liability for Forfeiture and Order. Failure to do so may constitute an additional violation subjecting Comcast to further penalties, including potentially higher monetary forfeitures.[30]

IV. ORDERING CLAUSES

13. Accordingly, **IT IS ORDERED** that, pursuant to Section 503(b) of the Act, and Section 1.80 of the Rules, and the authority delegated by Sections 0.111 and 0.311 of the Commissions Rules, Comcast Corporation is **NOTIFIED** of its **APPARENT LIABILITY FOR A FORFEITURE** in the amount of twenty-five thousand dollars ($25,000) for its willful violation of a Commission Order and Section 76.939 of the Rules.

14. **IT IS FURTHER ORDERED** that, pursuant to Section 1.80 of the Rules, within thirty (30) days of the release date of this Notice of Apparent Liability for Forfeiture and Order, Comcast **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture.

15. **IT IS FURTHER ORDERED** that, pursuant to sections 1, 4(i), 4(j), 403 of the Communications Act of 1934, as amended, 47 U.S.C. §151, 154(i), 154(j), 403, Comcast shall fully respond to the October 30, 2008 Letter of Inquiry sent by the Enforcement Bureau in the manner

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[26] 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.

[27] *See* 47 C.F.R. § 1.80(b)(4); *The Commission's Forfeiture Policy Statement and Amendment of Section 1.80 of the Rules to Incorporate the Forfeiture Guidelines,* Report and Order, 12 FCC Rcd. 17087 (1997), *recon. denied,* 15 FCC Rcd. 303 (1999).

[28] *See* Berry Letter at 2.

[29] *See supra* note 14.

[30] We do not decide in this *NAL* whether the failure to respond to an LOI constitutes a continuing violation.

described by that Letter of Inquiry within ten (10) days of the release of this Notice of Apparent Liability and Order.

16. 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. Comcast will also send electronic notification on the date said payment is made to JoAnn.Lucanik@fcc.gov and Holly.Berland@fcc.gov.

17. The response, if any, 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 response should also be e-mailed to JoAnn Lucanik, Deputy Chief, Spectrum Enforcement Division, Enforcement Bureau, FCC, at JoAnn.Lucanik@fcc.gov and Holly Berland, Esq., Spectrum Enforcement Division, FCC, at Holly.Berland@fcc.gov.

18. 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.

19. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for Forfeiture and Order shall be sent by first class mail and certified mail return receipt requested to Kathryn A. Zachem, Vice President, Regulatory and State Legislative Affairs, Comcast Corporation, 2001 Pennsylvania Avenue, N.W., Suite 500, Washington, D.C. 20006 and James L. Casserly, Counsel for Comcast Corporation, Wilkie Farr & Gallagher LLP, 1875 K Street, N.W., Washington, DC 20006-1238.

FEDERAL COMMUNICATIONS COMMISSION

Kris A Monteith

Kris Anne Monteith
Chief, Enforcement Bureau