

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	
)	File No.: EB-SED-15-00018248 ¹
SMART CITY HOLDINGS, LLC, and its)	Acct. No.: 201532100006
Wholly-Owned Subsidiaries, SMART CITY)	FRN: 0024681223
NETWORKS, LP, and SMART CITY)	
SOLUTIONS LLC)	

ORDER

Adopted: August 17, 2015

Released: August 18, 2015

By the 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 Smart City Holdings, LLC, and its wholly-owned subsidiaries, Smart City Networks, LP, and Smart City Solutions LLC (collectively, Smart City) engaged in prohibited Wi-Fi blocking by interfering with and disabling Wi-Fi networks established by consumers at several conference facilities where Smart City operates or manages the facility's Wi-Fi network. To settle this matter, Smart City (i) admits that it prevented certain Wi-Fi users at these locations from establishing or maintaining a Wi-Fi network independent of Smart City's network, (ii) will implement a compliance plan under which it commits to not engage in Wi-Fi blocking, and (iii) agrees to pay a \$750,000 civil penalty.

2. The Internet is a vital platform for economic growth, innovation, competition, and free expression. Wi-Fi is an essential access ramp to that platform. Wi-Fi networks have proliferated in places accessible to the public, such as restaurants, coffee shops, malls, train stations, hotels, airports, convention centers, and parks. Consumers also can establish their own Wi-Fi networks by using FCC-authorized mobile hotspots and their wireless data plans to connect Wi-Fi enabled devices to the Internet. The growing use of technologies that unlawfully block consumers from creating their own Wi-Fi networks via their personal hotspots unjustifiably prevents consumers from enjoying services they have paid for and stymies the convenience and innovation associated with Wi-Fi Internet access.

3. On June 24, 2014, the Commission received an informal complaint from a company that provides equipment that enabled users to establish hotspots, marketing its use as an alternative to paying for Wi-Fi service that may otherwise be available to consumers at a venue. The complaint charged that its customers could not connect to the Internet using the complainant's equipment at several venues where Smart City operates or manages the Wi-Fi access.² In response to the Bureau's investigation, Smart City provided information revealing that it automatically blocked certain Wi-Fi users at several venues where it managed or operated the Wi-Fi access to prevent such these users from establishing or maintaining a Wi-Fi network independent of Smart City's network. No evidence exists that the Wi-Fi blocking

¹ The three investigations initiated under EB-SED-14-00016674, EB-SED-14-00016970, and EB-SED-14-00017016 were subsequently assigned File No. EB-SED-15-00018248. All further correspondence related to this matter should reflect the new case number.

² See Complaint No. 14-C00593463-1 (June 24, 2014) (on file in EB-SED-15-00018248).

occurred in response to a specifically identified threat to the security of the Smart City network or the network's users.

4. 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 Smart City's compliance with Section 333 of the Communications Act of 1934, as amended (Act).³

5. In the absence of material new evidence relating to this matter, we do not set for hearing the question of Smart City's basic qualifications to hold or obtain any Commission license or authorization.⁴

6. Accordingly, **IT IS ORDERED** that, pursuant to Section 4(i) of the Act⁵ and the authority delegated by Sections 0.111 and 0.311 of the Commission's rules,⁶ the attached Consent Decree **IS ADOPTED** and its terms incorporated by reference.

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

8. **IT IS FURTHER ORDERED** that any third-party complaints and allegations against Smart City related to the above-captioned investigation that are pending before the Bureau as of the date of this Consent Decree **ARE DISMISSED**.

9. **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 Smart City's counsel, Jonathan V. Cohen, Esq., Wilkinson Barker Knauer LLP, 2300 N Street NW, Washington, DC 20037.

FEDERAL COMMUNICATIONS COMMISSION

Travis LeBlanc
Chief
Enforcement Bureau

³ 47 U.S.C. § 333.

⁴ See 47 C.F.R. § 1.93(b).

⁵ 47 U.S.C. § 154(i).

⁶ 47 C.F.R. §§ 0.111, 0.311.

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Wholly-Owned Subsidiaries, SMART CITY)	FRN: 0024681223
NETWORKS, LP, and SMART CITY)	
SOLUTIONS LLC)	

CONSENT DECREE

1. The Enforcement Bureau of the Federal Communications Commission, and Smart City Holdings, LLC, and its wholly-owned subsidiaries, Smart City Networks, LP, and Smart City Solutions LLC, by their authorized representatives, hereby enter into this Consent Decree for the purpose of terminating the Enforcement Bureau's investigation into whether Smart City violated Section 333 of the Communications Act.

I. DEFINITIONS

2. For purposes of this Consent Decree, the following definitions shall apply:
- (a) "Act" or "Communications Act" means the Communications Act of 1934, as amended.¹
 - (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 Smart City is subject by virtue of its business activities, including but not limited to Section 333 of the Act.
 - (f) "Compliance Officer" means a senior corporate manager with the requisite corporate and organizational authority to discharge the duties set forth in paragraph 16.
 - (g) "Compliance Plan" means the compliance obligations, programs, and procedures described in this Consent Decree at paragraph 14.
 - (h) "Covered Personnel" means all employees and agents of Smart City who perform, supervise, or oversee, or manage the performance of others involved with, the provision, supplying, monitoring, and/or protection of Wi-Fi networks at any location where Smart City operates or manages a Wi-Fi network.

¹ 47 U.S.C. § 151 *et seq.*

- (i) “Effective Date” means the date by which both the Bureau and Smart City have signed the Consent Decree.
- (j) “Investigation” means the informal complaint referenced in paragraph 7 below and the investigation commenced by the Bureau in File Nos. EB-SED-14-00016674, EB-SED-14-00016970, and EB-SED-14-00017016 and subsequently assigned File No. EB-SED-15-00018248 regarding whether Smart City violated Section 333 of the Act.
- (k) “Operating Procedures” means the standard internal operating procedures and compliance policies established by Smart City to implement the Compliance Plan.
- (l) “Parties” means Smart City and the Bureau, each of which is a “Party.”
- (m) “Rules” means the Commission’s regulations found in Title 47 of the Code of Federal Regulations.
- (n) “Smart City” means Smart City Holdings, LLC, and its wholly-owned subsidiaries, Smart City Networks, LP, and Smart City Solutions LLC, and their affiliates, employees, agents, predecessors-in-interest, and successors-in-interest.
- (o) “Wi-Fi” means the technology described in this Consent Decree at paragraph 3.

II. BACKGROUND

3. Wi-Fi is a technology that enables the wireless connection of low-power electronic devices. Based on the 802.11 family of standards established by the Institute of Electrical and Electronics Engineers, Wi-Fi networks enable devices such as laptop computers, tablets, video game consoles, and smartphones to connect to the Internet and to each other through wireless network access points. Developers, vendors, and manufacturers use Wi-Fi to link products, systems, and devices that make peoples’ lives more efficient and comfortable. Though there are other wireless access technologies, such as Bluetooth, much of the developing “Internet of Things” depends on Wi-Fi connectivity.

4. The most commonly-recognized wireless network access point is the Wi-Fi router that many consumers have in their homes, but a number of mobile devices can also serve as a wireless access point – or “hotspot” – that connects to the Internet through the mobile data network to which the consumer has subscribed. Many mobile hotspots are stand-alone transmitting devices, typically the size of a deck of playing cards, and many smartphones sold today come with built-in Wi-Fi hotspot capabilities. Consumers can use Wi-Fi-enabled devices, such as laptop computers, to wirelessly connect to these mobile hotspots and thereby access the Internet. In addition to personal hotspots, consumers may also access the Internet in a variety of businesses and public spaces through hotspots available for free or for a commercial fee.

5. Section 333 of the Communications Act provides that “No person shall willfully or maliciously interfere with or cause interference to any radio communications of any station licensed or authorized by or under this Act or operated by the United States Government.”² The Enforcement Bureau issued Enforcement Advisories addressing Section 333 in 2011,³ 2012,⁴ and January 2015.⁵

² 47 U.S.C. § 333. *See also* H.R. Rep. No. 101-316, at 13 (1989) (noting that Section 333 was intended “to prohibit the willful or malicious interference with radio communications, including government communications”).

³ *Cell Jammers, GPS Jammers, and Other Jamming Devices; Consumers Beware: It is Unlawful to Use “Cell Jammers” and Other Equipment that Blocks, Jams, or Interferes with Authorized Radio Communications in the U.S.*, Public Notice, 26 FCC Rcd 1329 (Enf. Bur. 2011).

⁴ *Cell Jammers, GPS Jammers, and Other Jamming Devices; Consumer Alert: Using or Importing Jammers is Illegal*, Public Notice, 27 FCC Rcd 2309 (Enf. Bur. 2012).

6. Smart City provides telecommunications and Internet services, including Wi-Fi, to convention, meeting, and hotel venues throughout the United States. Exhibitors at these venues use Smart City's Wi-Fi networks to connect to the Internet for a variety of purposes, from demonstrating and controlling products to operating wireless credit card machines and security cameras.

7. On June 24, 2014, the Commission received an informal complaint from a company that provides equipment enabling users to establish hotspots, marketing its use as an alternative to paying for Wi-Fi service that may otherwise be available at a venue. The complaint charged that its customers could not connect to the Internet using the complainant's equipment at several venues where Smart City operates or manages the Wi-Fi access. Specifically, the complainant alleged that Smart City transmitted deauthentication frames to prevent the complainant's customers' use of their Wi-Fi equipment.

8. In response to the complaint, in October 2014, the Bureau's Spectrum Enforcement Division undertook the investigation, which included sending a series of Letters of Inquiry to Smart City and reviewing the company's written responses. Smart City's responses revealed that, at several venues where it managed or operated Wi-Fi systems, it automatically transmitted deauthentication frames to prevent Wi-Fi users whose devices produced a received signal strength above a preset power level at Smart City access points from establishing or maintaining a Wi-Fi network independent of Smart City's network. No evidence was submitted that the deauthentication was done in response to a specifically identified threat to the security of the Smart City network or the network's users. After learning of the Bureau's investigation, also in October 2014, Smart City instructed its Wi-Fi network managers to cease such deauthentication.

III. TERMS OF AGREEMENT

9. **Admission.** Smart City admits for the purpose of this Consent Decree and for Commission civil enforcement purposes that it engaged in the actions described in paragraph 8 herein.

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

11. **Jurisdiction.** Smart City 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.

12. **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. Any violation of the Adopting Order or of the terms of this Consent Decree shall constitute a separate violation of a Commission order, entitling the Commission to exercise any rights and remedies attendant to the enforcement of a Commission order.

13. **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, Smart City 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 Smart City 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 (Continued from previous page...)

⁵ *Warning: Wi-Fi Blocking is Prohibited; Persons or Businesses Causing Intentional Interference to Wi-Fi Hot Spots are Subject to Enforcement Action*, Public Notice, 30 FCC Rcd 387 (Enf. Bur. 2015).

the question of Smart City's basic qualifications to be a Commission licensee or hold Commission licenses or authorizations.⁶

14. **Compliance Plan.** Within thirty (30) calendar days after the Effective Date, Smart City shall establish and implement Operating Procedures designed to ensure that Covered Personnel, including newly hired Covered Personnel, will not engage in the deauthentication activities described above in paragraph 8. The Parties further agree that should there be any order, rule, enforcement advisory, clarification, rule change, or other statement issued by the Commission or any of its Bureaus or Offices concerning Wi-Fi deauthentication (Commission Action), the Parties will negotiate in good faith to modify this Consent Decree to require a Compliance Plan that is consistent with any such Commission Action.

15. **Reporting Noncompliance.** Smart City shall report any noncompliance 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 Smart City 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 Smart City has taken or will take to prevent the recurrence of any such noncompliance. To the extent the noncompliance includes any instances of deauthentication as described above in paragraph 8 at any U.S. property where Smart City either manages or operates the Wi-Fi network, Smart City shall maintain records on such instances with the following information: (i) the approximate date and time of such deauthentication, (ii) the specific reasons for such deauthentication, (iii) the type of access point and device at issue (e.g., mobile hotspot created by smartphone), (iv) the individuals involved in the decision to engage in such deauthentication, and (v) the identities of the persons whose devices or transmissions were affected by such deauthentication, if known. Smart City will maintain these records until this Consent Decree is terminated, and will produce these records in their entirety in the event of a noncompliance report. In connection with any such noncompliance report, Smart City also will provide a list of all U.S. properties where it manages or operates the Wi-Fi network that it queried to collect this information. All reports and records submitted under this paragraph shall be submitted to the Chief, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554, with a copy submitted electronically to Linda Nagel at Linda.Nagel@fcc.gov and Pamela Hairston at Pamela.Hairston@fcc.gov.

16. **Compliance Reports.** Smart City shall file Compliance Reports with the Commission three (3) months after the Effective Date, and every three (3) months thereafter until the Termination Date.

- (a) Each Compliance Report shall include a detailed description of Smart City's efforts during the relevant period to comply with the terms and conditions of this Consent Decree. In addition, each Compliance Report shall include a certification by a Compliance Officer, acting as an agent of and on behalf of Smart City, stating that the Compliance Officer has personal knowledge that Smart City: (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 15 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

⁶ See 47 C.F.R. 1.93(b).

set forth therein.⁷

- (c) If the Compliance Officer cannot provide the requisite certification, the Compliance Officer, as an agent of and on behalf of Smart City, 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 Smart City 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 Smart City 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 the Chief, Spectrum Enforcement Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554, with a copy submitted electronically to Linda Nagel at Linda.Nagel@fcc.gov and Pamera Hairston at Pamera.Hairston@fcc.gov.

17. **Termination Date.** The Termination Date shall be three years after the Effective Date of this Consent Decree.

18. **Section 208 Complaints; Subsequent Investigations.** Nothing in this Consent Decree shall prevent the Commission or its delegated authority from adjudicating complaints filed pursuant to Section 208 of the Act⁸ against Smart City or its affiliates for alleged violations of the Act, or for any other type of alleged misconduct, regardless of when such misconduct took place. The Commission's adjudication of any such complaint will be based solely on the record developed in that proceeding. Except as expressly provided in this Consent Decree, this Consent Decree shall not prevent the Commission from investigating new evidence of noncompliance by Smart City with the Communications Laws.

19. **Civil Penalty.** Smart City agrees to make a payment to the United States Treasury in the amount of seven hundred fifty thousand dollars (\$750,000), for which each of Smart City Holdings, LLC, Smart City Networks, LP, and Smart City Solutions LLC are jointly and severally liable. Such payment shall be made in two (2) installments (each an Installment Payment). The first Installment Payment in the amount of three hundred seventy five thousand dollars (\$375,000) is due within thirty (30) calendar days after the Effective Date. The second and final Installment Payment in the amount of three hundred seventy five thousand dollars (\$375,000) is due on January 4, 2016. Smart City acknowledges and agrees that upon execution of this Consent Decree, the civil penalty and each Installment Payment shall become a "Claim" or "Debt" as defined in 31 U.S.C. § 3701(b)(1).⁹ Upon an Event of Default (as defined below), all procedures for collection as permitted by law may, at the Commission's discretion, be initiated. In addition, Smart City agrees that it will make the payments in United States Dollars without further demand or notice by the date specified above. Smart City shall send electronic notification of payment to Linda Nagel at Linda.Nagel@fcc.gov, Pamera Hairston at Pamera.Hairston@fcc.gov, and Samantha Peoples at Sam.Peoples@fcc.gov on the date said payment is made. The payments must be made by check or similar instrument, wire transfer, or credit card, and must include the Account Number and FRN referenced in the caption of the Adopting Order. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.¹⁰ When completing the FCC Form

⁷ 47 C.F.R. § 1.16.

⁸ 47 U.S.C. § 208.

⁹ Debt Collection Improvement Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321, 1358 (Apr. 26, 1996).

¹⁰ An FCC Form 159 and detailed instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

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.

Contact the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov with any questions about methods of payment.

20. **Event of Default.** Smart City agrees that an Event of Default shall occur upon the failure by Smart City to pay the full amount of any Installment Payment on or before the due date specified in this Consent Decree.

21. **Interest, Charges for Collection, and Acceleration of Maturity Date.** After an Event of Default has occurred under this Consent Decree, the then unpaid amount of the civil penalty shall accrue interest, computed using the U.S. Prime Rate in effect on the date of the Event of Default plus 4.75 percent, from the date of the Event of Default until payment in full. Upon an Event of Default, the then unpaid amount of the civil penalty, together with interest, any penalties permitted and/or required by the law, including but not limited to 31 U.S.C. § 3717 and administrative charges, plus the costs of collection, litigation, and attorneys’ fees, shall become immediately due and payable, without notice, presentment, demand, protest, or notice of protest of any kind, all of which are waived by Smart City.

22. **Waivers.** Smart City 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. If either Party (or the United States on behalf of the Commission) brings a judicial action to enforce the terms of the Adopting Order or Consent Decree, neither Smart City nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and Smart City shall waive any statutory right to a trial de novo. Smart City hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act¹¹ relating to the matters addressed in this Consent Decree.

23. **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

¹¹ See 5 U.S.C. § 504; 47 C.F.R. §§ 1.1501–1.1530.

Parties shall be construed and enforced accordingly.

24. **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 legal proceeding.

25. **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 Smart City does not expressly consent) that provision will be superseded by such Rule or Order.

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

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

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

29. **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.

30. **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.

31. **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.

Travis LeBlanc
Chief
Enforcement Bureau

James Pearson
Chairman of the Board
Smart City Holdings, LLC

Date

Date

Mark Haley
President
Smart City Networks, LP

Martin A. Rubin
President and CEO
Smart City Solutions LLC

Date

Date