

CLIENT ALERTS

Beware of the FCC

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The Federal Communications Commission (“FCC”) recently issued a decision that serves as a stark reminder that the FCC’s regulations and requirements apply to more than just “traditional telecommunications companies.” The text of the decision is here: [DA-16-1385A1.pdf](#). The case involved a company that manufactures investment castings, forged components, and specialty metals – Precision Castparts Corp. – not a company you would think would have to worry about FCC compliance requirements.

Precision Castparts held a number of FCC Private Land Mobile Radio Service (PLMRS) licenses that it used to monitor and support its manufacturing operations, including licenses used to facilitate cross-campus communications and remotely operate cranes. Apparently the company let some of the FCC licenses lapse, but continued to use the associated radios in their operations. In addition, when acquiring companies, Precision Castparts neglected to get FCC approvals for the various transfers of controls, which are required when any company holding FCC radio licenses is acquired or assigns the licenses in an asset sale. The FCC’s Enforcement Bureau sent the company a Letter of Inquiry with regard to potential operations after license expiration, and the company conducted an internal investigation that revealed the unlawful operations and transfers. The company reported these violations to the FCC. The company and the FCC Enforcement Bureau subsequently negotiated a consent decree that included an admission of liability, the payment of a \$60,000 fine, implementation of a compliance program and reporting obligations.

It is not just “traditional telecommunications service providers” like cellular carriers that are subject to FCC regulation. All kinds of entities hold FCC radio licenses for their operations, including manufacturers (like the subject of this enforcement action), as well as hospitals and other healthcare providers, real estate

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companies, construction companies, utilities and railroads. So if your company holds any FCC licenses, be sure to have in place a system to ensure that renewals are timely filed, and that obligations like annual regulatory fees are paid to the FCC. In addition, in any mergers and acquisitions, be sure that the “due diligence” includes a review of whether the entity to be acquired holds any FCC licenses. The lawyers at Butzel Long can help ensure that you do not inadvertently violate the FCC’s regulations.

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