

["K" Company using its personal data for election campaign-related SMS beyond the scope of consent subject to penalty surcharge of one bil. won]

On October 20, 2010, KCC decided that "K" company should pay penalty surcharge up to KRW1,000 million, and Inca Internet fine for negligence of KRW5 million, respectively, on charge of violations of relevant provisions of data protection laws. In addition, "K" company and "I" company were ordered to take appropriate technical and managerial measures to protect personal information so as to prevent recurrence of similar incidents.

In May 2010, "K" company agreed with AdNTel FMG to promote "K Company Smart Shot", an election campaign-related SMS service, across the nation prior to the 2010 nationwide local elections slated for on June 2, 2010. They entered into 244 contracts with 133 candidates who requested "K" company to send election campaign short messages to electorates in their constituency.

Thus "K" company sent 3,764,357 election campaign short messages to 2,300 thousand persons who fall under the category requested by those candidates for regional elections, and earned revenue up to KRW293,915,625. The addressees satisfied the criteria of gender, age and region among the "K" company mobile communications service users (amounting to 13 million as of June 2010) who had consented to "K" company's promotional marketing messages. But no evidence remained as all the records of the said SMS campaign messages were

deleted. In this regard, the said campaign messages were evidently out of the purpose of collection and use of users' personal information.

On the other hand, "I" company, which had collected and used the personal information of 1,080 thousand users as of December 2009, seemed to fail to implement the mandatory internal management plan enhancing the security of personal information including the qualification and designation of the privacy officer, periodic check of technical and managerial safeguards, etc.

Furthermore, "I" company was negligent in controlling nine staff members, with no authority to access the personal information processing system, from accessing such system at 9:16 a.m. on December 3, 2009. While collecting and using personal information from September 2005 through November 2009, "I" company failed to adopt unidirectional encryption to users' passwords, and did not obtain guardian's consent when collecting personal information of three minors under 14 years of age.

Therefore, KCC has decided that "K" company and "I" company are in violation of the Network Act. So "K" company shall be subject to penalty surcharge of KRW1,000 million and compliance order of enhanced technical and managerial measures for personal information to prevent recurrence of similar incidents.

And "I" company shall be subject to fine for negligence of KRW5 million and compliance order to implement improved technical and managerial measures including an internal management plan.