**Before the**

Federal Communications Commission

Washington, DC 20554

|  |  |  |
| --- | --- | --- |
| In the Matter ofKajeet, Inc.andKajeet/Airlink, LLC | **)****)****)****)****)****)****)****)** | File No.: EB-IHD-13-00011158[[1]](#footnote-2)Acct. No.: 201232080007FRN: 0019614908Acct. No.: 201232080008FRN: 0018691477 |

**ORDER**

**Adopted: October 6, 2015 Released: October 7, 2015**

By the Chief, Enforcement Bureau:

1. The Enforcement Bureau (Bureau) of the Federal Communications Commission (Commission) has entered into a Consent Decree to resolve its investigation into whether Kajeet, Inc. (Kajeet, Inc.) and its wholly-owned subsidiary Kajeet/Airlink, LLC (Kajeet/Airlink) (collectively, Kajeet or the Companies) willfully or repeatedly failed to: (i) meet its obligations to contribute to public interest funds which ensure accessible, efficient, and reasonably priced communications for all Americans and (ii) obtain Commission approval as required prior to acting as an international telecommunications services provider. To settle this matter, Kajeet admits it willfully and repeatedly failed to contribute fully and timely to the Universal Service Fund (USF), the Telecommunications Relay Service (TRS) Fund, and the Local Number Portability (LNP) cost recovery mechanism and also failed to obtain Commission approval prior to consummating the assignment of an international Section 214 authorization. In addition, Kajeet will implement a long-term plan to ensure future compliance with the Commission’s rules (Rules), and pay a $450,000 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 resolving the Notice of Apparent Liability for Forfeiture (NAL) regarding Kajeet’s compliance with Sections 214, 251(e)(2), and 254(d) of the Communications Act of 1934, as amended (Act),[[2]](#footnote-3) and Sections 52.32(a), 54.706(a), 63.24, and 64.604(c)(5)(iii)(A) of the Commission’s rules (Rules)[[3]](#footnote-4) pertaining to the USF, the TRS Fund, and the LNP cost recovery mechanism Rules, and the International Section 214 Rules.
3. In the absence of material new evidence relating to this matter, we do not set for hearing the question of Kajeet’s basic qualifications to hold or obtain any Commission license or authorization.[[4]](#footnote-5)
4. Accordingly, **IT IS ORDERED** that, pursuant to Sections 4(i), and 503(b) of the Act[[5]](#footnote-6) and the authority delegated by Sections 0.111 and 0.311 of the Rules,[[6]](#footnote-7) the attached Consent Decree **IS ADOPTED** and its terms incorporated by reference.
5. **IT IS FURTHER ORDERED** that the above-captioned investigation **IS TERMINATED**.
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 Daniel J. Neal, Chief Executive Officer, Kajeet, Inc., and Kajeet/Airlink, LLC, 7901 Jones Branch Drive, Suite 350, McLean, VA, 22102.

FEDERAL COMMUNICATIONS COMMISSION

 Travis LeBlanc

 Chief

Enforcement Bureau

**Before the**

Federal Communications Commission

Washington, DC 20554

|  |  |  |  |
| --- | --- | --- | --- |
| In the Matter ofKajeet, Inc.andKajeet/Airlink, LLC | **)****)****)****)****)****)****)****)** | File No.: EB-IHD-13-00011158[[7]](#footnote-8)Acct. No.: 201232080007FRN: 0019614908Acct. No.: 201232080008FRN: 0018691477 |  |

CONSENT DECREE

1. The Enforcement Bureau (Bureau) of the Federal Communications Commission (Commission) and Kajeet, Inc. (Kajeet, Inc.) and its wholly-owned subsidiary Kajeet/Airlink, LLC (Kajeet/Airlink) (collectively, Kajeet or the Companies), by their authorized representatives, hereby enter into this Consent Decree for the purpose of terminating the Enforcement Bureau’s investigation into whether Kajeet: (i) met its obligations[[8]](#footnote-9) to contribute to public interest funds which ensure accessible, efficient, and reasonably priced communications for all Americans and (ii) obtained Commission approval as required[[9]](#footnote-10) prior to acting as an international telecommunications services provider.

# DEFINITIONS

1. For the purposes of this Consent Decree, the following definitions shall apply:
2. “Act” means the Communications Act of 1934, as amended.[[10]](#footnote-11)
3. “Adopting Order” means an order of the Bureau adopting the terms of this Consent Decree without change, addition, deletion, or modification.
4. “Bureau” means the Enforcement Bureau of the Federal Communications Commission.
5. “Commission” and “FCC” mean the Federal Communications Commission and all of its bureaus and offices.
6. “Communications Laws” means collectively, the Act, the Rules, and the published and promulgated orders and decisions of the Commission to which Kajeet is subject by virtue of its business activities, including but not limited to the USF, TRS, and LNP Rules, and the International Section 214 Rules.
7. “Compliance Plan” means the compliance obligations, program, and procedures described in this Consent Decree at paragraph 20.
8. “Covered Employees” means all employees and agents of Kajeet who perform, or supervise, oversee, or manage the performance of, duties that relate to Kajeet’s responsibilities under the Communications Laws, including the USF, TRS, and LNP Rules, and the International Section 214 Rules**.**
9. “Effective Date” means the date by which both the Bureau and Kajeet have signed the Consent Decree.
10. “International Section 214 Rules” means Section 214 of the Act, 47 U.S.C. § 214, and Section 63.24 of the Rules, 47 C.F.R. §63.24.”
11. “Investigation” means the investigation commenced by the Bureau in File No: EB-IHD-13-00011158[[11]](#footnote-12) regarding whether Kajeet violated the USF, TRS, and LNP Rules, and the International Section 214 Rules.
12. “Kajeet” or “Companies” means Kajeet, Inc., Kajeet/Airlink, LLC, and their affiliates, subsidiaries, predecessors-in-interest, and successors-in-interest.
13. “LOI” means the Letter of Inquiry issued by the Bureau to Kajeet on December 10, 2009 in File No. EB-IHD-13-00011158[[12]](#footnote-13) in connection with the USF, TRS, and LNP Rules, and the International Section 214 Rules.
14. “NAL” means the Notice of Apparent Liability for Forfeiture issued to Kajeet, Inc. and Kajeet/Airlink on December 5, 2011 proposing four hundred sixty thousand, one hundred eighty-six dollars ($460,186) and five hundred two thousand, six hundred and forty-two dollars ($502,642) forfeitures, respectively, for apparent violations of the USF, TRS, and LNP Rules, and the International Section 214 Rules.[[13]](#footnote-14)
15. “Operating Procedures” means the standard internal operating procedures and compliance policies established by Kajeet to implement the Compliance Plan.
16. “Parties” means Kajeet and the Bureau, each of which is a “Party.”
17. “Rules” means the Commission’s regulations found in Title 47 of the Code of Federal Regulations.
18. “USF, TRS, and LNP Rules” means Sections 251(e)(2), and 254(d) of the Act,[[14]](#footnote-15) and Sections 52.32(a), 54.706(a), and 64.604(c)(5)(iii)(A) of the Rules[[15]](#footnote-16) and other provisions of the Act, the Rules, and Commission orders related to the USF, the TRS Fund, and the LNP cost recovery mechanism**.**

# BACKGROUND

1. Telecommunications service providers are required to make timely contributions to the Universal Service Fund (USF), the Telecommunications Relay Service (TRS) fund, and Local Number Portability (LNP) cost recovery mechanism. When telecommunications service providers fail to pay their share of obligations to the USF, the TRS fund, and the LNP cost recovery mechanism, they undermine the effectiveness of these federal programs and obtain an unfair competitive advantage over companies that comply with the Act and the Rules.[[16]](#footnote-17)
2. In addition, the Act and Rules prohibit any international carrier from constructing, extending, or operating any line, and from engaging in transmission through any such line, without approval from the Commission through a Section 214 authorization.[[17]](#footnote-18) In particular, the assignment of an international Section 214 authorization requires an application to, and prior approval from, the Commission.[[18]](#footnote-19)
3. Kajeet, Inc. is a Delaware corporation headquartered in Virginia that has provided telecommunications services since 2007.[[19]](#footnote-20) Kajeet, Inc. provides prepaid wireless services as a reseller for a nationwide wireless carrier[[20]](#footnote-21) and mobile broadband solutions for schools.[[21]](#footnote-22) Kajeet/Airlink has provided telecommunications services since April 2009.[[22]](#footnote-23) Kajeet/Airlink provides prepaid wireless services as a reseller for a nationwide wireless carrier.[[23]](#footnote-24) According to the CEO of Kajeet, Inc., Daniel Neal, the companies were unable to meet their financial obligations to the federal USF because their operating funds were temporarily frozen as a result of the financial crisis of 2008/2009.  Once the companies’ liquidity crisis was resolved, the companies became current in their contributions to the federal USF.[[24]](#footnote-25)
4. After receiving a referral from the Universal Service Administrative Company, administrator of the federal USF,[[25]](#footnote-26) on December 10, 2009, the Bureau issued an LOI to the Companies seeking information about their compliance with USF and other related regulatory obligations and Kajeet/Airlink LLC’s acquisition of certain assets of Airlink Mobile.[[26]](#footnote-27)Kajeet filed its LOI response on February 28, 2010.[[27]](#footnote-28)
5. On December 5, 2011 the Commission released an NAL finding Kajeet, Inc. apparently liable for a total forfeiture of four hundred sixty thousand, one hundred eighty-six dollars ($460,186) and also found Kajeet/Airlink apparently liable for a total forfeiture of five hundred two thousand, six hundred forty-two dollars ($502,642) for failure to contribute fully and timely to the USF, the TRS Fund, and the LNP cost recovery mechanism. [[28]](#footnote-29) In addition, the Commission concluded that Kajeet/Airlink failed to obtain Commission approval prior to consummating the assignment of an international Section 214 authorization.[[29]](#footnote-30) The combined apparent liability for the Companies was $962,828.
6. The Parties engaged in extensive settlement discussions upon the release of the NAL but were ultimately unable to reach an agreement. Kajeet is currently in good standing with the USF, the TRS Fund, and the LNP cost recovery mechanism. In addition, Kajeet/Airlink applied for and received international Section 214 authority from the Commission for its previously unauthorized assignment.[[30]](#footnote-31)
7. Section 503(b) of the Act authorizes the Commission to impose a forfeiture against any entity that “willfully or repeatedly fail[s] to comply substantially with any of the provisions of [the Communications Act] or of any rule, regulation, or order issued by the Commission.”[[31]](#footnote-32) In addition, the Commission has established forfeiture guidelines, which provide base penalties for certain violations and identify criteria that the Commission considers when determining the appropriate penalty in any given case.[[32]](#footnote-33) The Commission’s forfeiture guidelines specifically “are intended as a guide for frequently recurring violations” and not “a complete or exhaustive list of violations.”[[33]](#footnote-34)
8. In accordance with Section 503(b) and the *Forfeiture Guidelines*, on February 3, 2015, the Commission released a Policy Statement announcing a revised base forfeiture methodology for violations of rules governing payment to certain federal programs, including, but not limited to, those at issue in this investigation.[[34]](#footnote-35) As part of the process in determining any forfeiture, Section 503(b), which is the statutory basis for the *Forfeiture Policy Statement*,[[35]](#footnote-36) requires the Commission to consider the “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.”[[36]](#footnote-37)
9. The *Forfeiture Policy Statement* noted that the existing methodology for calculating forfeitures for violations of these rules was overly cumbersome, impaired swift and effective enforcement action, and therefore undermined full compliance with federal program payment requirements.[[37]](#footnote-38) The Commission stated that a simplified methodology would allow resolution of payment investigations more quickly, which would lead to swifter penalties for delinquent contributors, the performance of significantly more investigations, and an ultimate increase in compliance with the payment requirements.[[38]](#footnote-39)
10. Pursuant to the *Forfeiture Policy Statement*, in cases where application of the new methodology is deemed appropriate, the base apparent forfeiture liability for such violations will be three times the delinquent contributor’s debts to the programs.[[39]](#footnote-40) The methodology’s application calculates a base forfeiture, subject to the Commission’s evaluation of each individual case on its own merits—as required by the Act—and the adoption of upward or downward adjustments when appropriate.[[40]](#footnote-41) The Act and the *Forfeiture Guidelines* also cap potential liability through the statutory maximum forfeiture for any single act or failure to act.[[41]](#footnote-42) The new methodology thus provides a framework for determining the most appropriate forfeiture up to that cap. As discussed herein, the issuance of this Consent Decree has no impact on, and does not indicate that the Commission has made a determination as to either the Joint Petition for Reconsideration or the Joint Petition for Stay.[[42]](#footnote-43)
11. After the release of the *Forfeiture Policy Statement*, the Parties resumed settlement discussions. In this case, application of the methodology in the *Forfeiture Policy Statement* yields a lower amount of forfeiture liability than that set forth in the *Kajeet NAL*.[[43]](#footnote-44) In applying that methodology to this case*,* we first calculated the amounts owed to the USF Fund, the TRS fund and the LNP cost recovery mechanism and trebled that amount. This gave us a base forfeiture that was approximately one-third less than the forfeiture proposed in the *Kajeet NAL*. We then applied the statutory factors, taking into account “the 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.”[[44]](#footnote-45) These statutory factors can cause a base forfeiture to rise or fall. In this case, based on a variety of factors, the base forfeiture was lowered. In addition, as set forth herein, Kajeet acknowledges violations of the Commission’s rules and agrees to certain compliance and reporting obligations. Therefore, consistent with our prosecutorial discretion in enforcement proceedings,[[45]](#footnote-46) and based on the totality of the circumstances, the Bureau has determined that the public interest is served by affording Kajeet the benefit of the new methodology and the civil penalty in paragraph 25 of this Consent Decree reflects a reasonable resolution of this enforcement matter.

# TERMS OF AGREEMENT

1. **Adopting Order**. The provisions of this Consent Decree shall be incorporated by the Bureau in an Adopting Order.
2. **Jurisdiction**. Kajeet 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.
3. **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.
4. **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, Kajeet 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 Kajeet 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 set for hearing the question of Kajeet’s basic qualifications, including its character qualifications, to be a Commission licensee or hold Commission licenses or authorizations.[[46]](#footnote-47)
5. **Admission of Liability**. Kajeet admits for the purpose of this Consent Decree and for Commission civil enforcement purposes, and in express reliance on the provisions of paragraph 17 herein, that its actions that were the subject of theInvestigationviolated the USF, TRS, and LNP Rules, and the International Section 214 Rules.
6. **Compliance Officer**. Within thirty (30) calendar days after the Effective Date, Kajeet 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 Kajeet 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 USF, TRS, and LNP Rules, and the International Section 214 Rules prior to assuming his/her duties.
7. **Compliance Plan**. For purposes of settling the matters set forth herein, Kajeet 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 USF, TRS, and LNP Rules, and the International Section 214 Rules, Kajeet will implement, at a minimum, the following procedures:
8. **Operating Procedures**. Within thirty (30) calendar days after the Effective Date, Kajeet shall establish Operating Procedures that all Covered Employees must follow to help ensure Kajeet’s compliance with the USF, TRS, and LNP Rules, and the International Section 214 Rules. Kajeet’s Operating Procedures shall include internal procedures and policies specifically designed to ensure that compliance with the USF, TRS, and LNP Rules, and the International Section 214 Rules. Kajeet shall also develop a Compliance Checklist that describes the steps that a Covered Employee must follow to ensure compliance with the USF, TRS, and LNP Rules, and the International Section 214 Rules.
9. **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 USF, TRS, and LNP Rules, and the International Section 214 Rules and set forth the Operating Procedures that Covered Employees shall follow to help ensure Kajeet’s compliance with the USF, TRS, and LNP Rules, and the International Section 214 Rules. Kajeet shall periodically review and revise the Compliance Manual as necessary to ensure that the information set forth therein remains current and accurate. Kajeet shall distribute any revisions to the Compliance Manual promptly to all Covered Employees.
10. **Compliance Training Program**. Kajeet shall establish and implement a Compliance Training Program on compliance with the USF, TRS, and LNP Rules, and the International Section 214 Rules and the Operating Procedures. As part of the Compliance Training Program, Covered Employees shall be advised of Kajeet’s obligation to report any noncompliance with the USF, TRS, and LNP Rules, and the International Section 214 Rules under paragraph 21 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 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. Kajeet 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.
11. **Reporting Noncompliance**. Kajeet shall report any noncompliance with the USF, TRS, and LNP Rules, and the International Section 214 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 Kajeet 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 the Kajeet has taken or will take to prevent the recurrence of any such noncompliance. All reports of noncompliance shall be submitted to Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Room 4‑C224, Washington, DC 20554, with a copy submitted electronically to Jeffrey.Gee@fcc.gov, Kalun.Lee@fcc.gov, and Pam.Slipakoff@fcc.gov.
12. **Compliance Reports**. Kajeet 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, thirty-six (36) months after the Effective Date, forty-eight (48) months after the Effective Date, and sixty (60) months after the Effective Date.
13. Each Compliance Report shall include a detailed description of Kajeet’s efforts during the relevant period to comply with the terms and conditions of this Consent Decree, the USF, TRS, and LNP Rules, and the International Section 214 Rules. In addition, each Compliance Report shall include a certification by the Compliance Officer, as an agent of and on behalf of Kajeet, stating that the Compliance Officer has personal knowledge that Kajeet: (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 21of this Consent Decree.
14. 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.[[47]](#footnote-48)
15. If the Compliance Officer cannot provide the requisite certification, the Compliance Officer, as an agent of and on behalf of Kajeet, 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 Kajeet 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 Kajeet has taken or will take to prevent the recurrence of any such noncompliance, including the schedule on which such preventive action will be taken.
16. All Compliance Reports shall be submitted to the Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Room 4-C224, Washington, DC 20554, with a copy submitted electronically to Jeffrey.Gee@fcc.gov, Kalun.Lee@fcc.gov, and Pam.Slipakoff@fcc.gov.
17. **Termination Date**. Unless stated otherwise, the requirements set forth in paragraphs 19 through 22 of this Consent Decree shall expire sixty (60) months after the Effective Date.
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 Act[[48]](#footnote-49) against Kajeet 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 Kajeet with the Communications Laws.
19. **Civil Penalty**. Kajeet will pay a civil penalty to the United States Treasury in the amount of four hundred and fifty thousand dollars ($450,000). Such payment shall be made in twenty installments (each an Installment Payment). The first Installment Payment in the amount of twenty-two thousand five hundred dollars ($22,500) is due on November 2, 2015. Subsequent Installment Payments, each in the amount of twenty-two thousand five hundred dollars ($22,500) will be due every three months thereafter on the first business day of that month, until such time as the civil penalty is paid in full. Kajeet 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).[[49]](#footnote-50) Upon an Event of Default (as defined below), all procedures for collection as permitted by law may, at the Commission’s discretion, be initiated. Kajeet shall send electronic notification of payment to Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Room 4-C224, Washington, DC 20554, with a copy submitted electronically to Jeffrey.Gee@fcc.gov, Kalun.Lee@fcc.gov, and Pam.Slipakoff@fcc.gov on the date said payment is made. The payment must be made by check or similar instrument, wire transfer, or credit card, and must include Account Number 201232080007 and FCC Registration Number (FRN) 0019614908. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.[[50]](#footnote-51) 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.

1. **Event of Default**. Kajeet agrees that an Event of Default shall occur upon the failure by Kajeet to pay the full amount of any Installment Payment on or before the due date specified in this Consent Decree.
2. **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 Kajeet. In the event of a default, Kajeet, Inc. and Kajeet/Airlink will be jointly and severally liable for the unpaid amounts plus these additional amounts.
3. **Waivers**. As of the Effective Date, Kajeet 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. Kajeet 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 Kajeet nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and Kajeet shall waive any statutory right to a trial *de novo*. Kajeet hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act[[51]](#footnote-52) relating to the matters addressed in this Consent Decree.
4. **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.
5. **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.
6. **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 Kajeet does not expressly consent) that provision will be superseded by such Rule or Order.
7. **Successors and Assigns**. Kajeet agrees that the provisions of this Consent Decree shall be binding on its successors, assigns, and transferees.
8. **Final Settlement**. The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties with respect to the Investigation.
9. **Modifications**. This Consent Decree cannot be modified without the advance written consent of both Parties.
10. **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.
11. **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.
12. **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

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Daniel J. Neal

Chief Executive Officer

Kajeet, Inc. and Kajeet/Airlink, LLC.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

1. This investigation, initiated under File No. EB-09-IH-1972, was subsequently assigned File No. EB-IHD-13-00011158. [↑](#footnote-ref-2)
2. 47 U.S.C. §§ 214, 251(e)(2), 254(d). [↑](#footnote-ref-3)
3. 47 C.F.R. §§ 52.32(a), 54.706(a), 63.24, 64.604(c)(5)(iii)(A). [↑](#footnote-ref-4)
4. *See* 47 C.F.R. § 1.93(b). [↑](#footnote-ref-5)
5. 47 U.S.C. §§ 154(i), 503(b). [↑](#footnote-ref-6)
6. 47 C.F.R §§ 0.111, 0.311. [↑](#footnote-ref-7)
7. This investigation, initiated under File No. EB-09-IH-1972, was subsequently assigned File No. EB-IHD-13-00011158. [↑](#footnote-ref-8)
8. 47 U.S.C. §§, 251(e)(2), 254(d) [↑](#footnote-ref-9)
9. 47 U.S.C. § 214; 47 C.F.R. § 63.24. [↑](#footnote-ref-10)
10. 47 U.S.C. § 151 *et seq.* [↑](#footnote-ref-11)
11. This investigation, initiated under File No. EB-09-IH-1972, was subsequently assigned File No. EB-IHD-13-00011158. [↑](#footnote-ref-12)
12. *See* Letter from Trent B. Harkrader, Deputy Chief, Investigations & Hearings Division, FCC Enforcement Bureau, to Daniel Neal, Chief Executive Officer, Kajeet Inc. and Kajeet/Airlink LLC (Dec. 10, 2009) (LOI). [↑](#footnote-ref-13)
13. *See* *Kajeet, Inc. and Kajeet/Airlink, LLC*, Notice of Apparent Liability for Forfeiture and Order, 26 FCC Rcd 16684 (2011) (*Kajeet NAL*). [↑](#footnote-ref-14)
14. 47 U.S.C. §§, 251(e)(2), 254(d). [↑](#footnote-ref-15)
15. 47 C.F.R. §§ 52.32(a), 54.706(a), 64.604(c)(5)(iii)(A). [↑](#footnote-ref-16)
16. *See Forfeiture Methodology for Violations of Rules Governing Payment to Certain Federal Programs*, Policy Statement, 30 FCC Rcd 1622 (2015) (*Forfeiture Policy Statement*). [↑](#footnote-ref-17)
17. 47 U.S.C. § 214(a); 47 C.F.R. §§ 63.12, 63.18. [↑](#footnote-ref-18)
18. 47 C.F.R. § 63.24. For purposes of Section 63.24 of the Commission’s rules, “an assignment of an authorization is a transaction in which the authorization is assigned from one entity to another entity. Following an assignment, the authorization is held by an entity other than the one to which it was originally granted.” 47 C.F.R. § 63.24(b). Section 63.24(e) requires that the proposed assignee apply to the Commission for approval prior to the consummation of the proposed assignment.47 C.F.R. § 63.24(e); *see also* 47 C.F.R. § 63.24(d) (excluding *pro forma* applications,or non-substantial assignments and transfers of control that do not result in a change in the actual controlling party or do not require prior Commission approval) and Note 1 to paragraph (d) (listing the factors relevant to a determination of control). [↑](#footnote-ref-19)
19. *See* Virginia State Corporation Commission, https://sccefile.scc.virginia.gov/Business/F197378 (last visited Sept. 21, 2015). [↑](#footnote-ref-20)
20. Response of Kajeet, Inc. and Kajeet/Airlink, LLC to the Enforcement Bureau’s December 10, 2009 Letter of Inquir*y*, dated February 28, 2010, at response to Questions 3 and 9 (LOI Response). [↑](#footnote-ref-21)
21. *See* Kajeet, http://www.kajeet.net/education-broadband (last visited Sept. 21, 2015). [↑](#footnote-ref-22)
22. LOI Response at response to Question 10 [↑](#footnote-ref-23)
23. *Id.* at response to Question 9. [↑](#footnote-ref-24)
24. *See* http://www.wsj.com/articles/SB10001424052748704017904575409332774283668 (last visited Sept. 21, 2015). [↑](#footnote-ref-25)
25. 47 C.F.R. § 54.701. [↑](#footnote-ref-26)
26. *See* LOI. Previously, in July 2009, USAC referred Airlink Mobile, Inc. (Airlink Mobile) to the Bureau for potential enforcement action, alleging that Airlink Mobile had failed to comply with the Commission’s USF contribution rules. On August 10, 2009, the Bureau issued a LOI to Airlink Mobile seeking information about its compliance with USF and other related regulatory obligations. Airlink Mobile did not respond to the LOI. Subsequent investigation revealed that Airlink Mobile was no longer in business and that its assets had apparently been purchased by the Companies. [↑](#footnote-ref-27)
27. *See* LOI Response. [↑](#footnote-ref-28)
28. *See* *Kajeet NAL*. [↑](#footnote-ref-29)
29. *See* *id*. [↑](#footnote-ref-30)
30. *See International Authorizations Granted*, Public Notice, Rep. No. TEL-01667, DA No. 14-513 (rel. April 17, 2014); *See International Authorizations Granted*, Public Notice, Rep. No. TEL-01669, DA No. 14-583 (rel. May 1, 2014). [↑](#footnote-ref-31)
31. *See* 47 U.S.C. § 503(b)(1)(B). [↑](#footnote-ref-32)
32. 47 C.F.R. § 1.80(b)(8), note to paragraph (b)(8). [↑](#footnote-ref-33)
33. *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, 17109-10 (1997) (*Forfeiture Guidelines*). [↑](#footnote-ref-34)
34. *See Forfeiture* *Policy Statement*. A Petition for Reconsideration and a Stay Request of the *Forfeiture Policy Statement* were filed on March 6, 2015. *See* Petition for Stay by CTIA – The Wireless Association, National Cable & Telecommunications Association, United States Telecom Association, and COMPTEL, *Forfeiture Methodology for Violations of Rules Governing Payment to certain Federal Programs*, FCC 15-15(filed Mar. 6, 2015) (Joint Petition for Reconsideration); Petition for Stay by CTIA – The Wireless Association, National Cable & Telecommunications Association, United States Telecom Association, and COMPTEL, *Forfeiture Methodology for Violations of Rules Governing Payment to certain Federal Programs*, FCC 15-15(filed Mar. 6, 2015) (Joint Petition for Stay). The Bureau’s issuance of the Consent Decree has no impact on the Commission’s consideration of either the Joint Petition for Reconsideration or the Joint Petition for Stay, which remain pending, and in no way indicates that the Commission has prejudged the resolution of either filing [↑](#footnote-ref-35)
35. *Forfeiture* *Policy Statement* at para. 3. [↑](#footnote-ref-36)
36. 47 U.S.C. § 503(b)(2)(E). [↑](#footnote-ref-37)
37. *Forfeiture Policy Statement* at para. 2. [↑](#footnote-ref-38)
38. *Id.* at para. 7. [↑](#footnote-ref-39)
39. *Id*. at paras. 2, 6. [↑](#footnote-ref-40)
40. *See Forfeiture Guidelines,* 12 FCC Rcd at 17110 (citing 47 U.S.C. § 503(b)(2)(E)). [↑](#footnote-ref-41)
41. 47 U.S.C. § 503(b)(2)(B); 47 C.F.R. § 1.80(b)(2)). [↑](#footnote-ref-42)
42. *See supra* n.28. [↑](#footnote-ref-43)
43. If the *Forfeiture Policy Statement* had resulted in a higher forfeiture, it would not have been applied. The Bureau does not intend to retroactively apply the *Forfeiture Policy Statement* unless it results in a lower forfeiture. [↑](#footnote-ref-44)
44. 47 U.S.C. § 503(b)(2)(E). [↑](#footnote-ref-45)
45. *See Radio One Licenses, LLC,* Forfeiture Order, 19 FCC Rcd 23922, 23932 (2004), citing *Emery Telephone*, Memorandum Opinion and Order, 15 FCC Rcd 7181, 7186 (1999). [↑](#footnote-ref-46)
46. *See* 47 C.F.R. § 1.93. [↑](#footnote-ref-47)
47. 47 C.F.R. § 1.16. [↑](#footnote-ref-48)
48. 47 U.S.C. § 208. [↑](#footnote-ref-49)
49. Debt Collection Improvement Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321, 1358 (Apr. 26, 1996). [↑](#footnote-ref-50)
50. An FCC Form 159 and detailed instructions for completing the form may be obtained at http://www.fcc.gov/Forms/Form159/159.pdf. [↑](#footnote-ref-51)
51. *See* 5 U.S.C. § 504; 47 C.F.R. §§ 1.1501–1.1530. [↑](#footnote-ref-52)