

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

In the Matter of
Q Link Wireless LLC
File No.: EB-IHD-21-00032347
NAL/Acct. No.: 202332080002
FRN: 0021593975

NOTICE OF APPARENT LIABILITY FOR FORFEITURE AND ORDER

Adopted: January 13, 2023

Released: January 17, 2023

By the Commission:

I. INTRODUCTION

1. Congress established the Emergency Broadband Benefit (EBB) Program to provide assistance to American families by allowing eligible low-income households to receive discounts for broadband service and certain connected devices and reimbursing participating providers for providing such discounts. To ensure the integrity and effectiveness of the EBB Program, Congress and the Federal Communications Commission (Commission) imposed several restrictions and requirements on participating providers. Among other things, reimbursement claims for connected devices are limited to the market value for the provided device less a required co-pay. The Commission takes seriously its obligation to prevent waste, fraud, and abuse in the programs it administers. As we endeavor to close the digital divide for low-income Americans through programs like the EBB Program, we are mindful we must ensure against disbursing funds to participating providers that seek to obtain the benefit of these limited resources without abiding by the Commission's rules.

2. In this Notice of Apparent Liability (NAL), we propose a penalty of \$62,000,000 against Q Link Wireless LLC (Q Link or Company) for apparently violating provisions of the 2021 Consolidated Appropriations Act and Commission rules and orders governing the reimbursements it claimed for providing EBB Program customers with internet-connected devices between December 2021 and March 2022. Because of these apparent violations, which involved overclaiming support for hundreds of thousands of computer tablets, Q Link apparently obtained at least \$20,792,800 in improper disbursements from the EBB Program during the period under review. For these reasons, and in light of the scope, duration, and seriousness of Q Link's apparent violations and the need to promote compliance with the rules, we propose the penalty detailed in this Notice of Apparent Liability for Forfeiture and Order.

II. BACKGROUND

A. Legal Framework

3. Established by Congress on December 27, 2020, pursuant to the Consolidated Appropriations Act of 2021 (Act), the \$3.2 billion Emergency Broadband Connectivity Fund (Fund) provided resources for the Commission to establish the EBB Program to provide discounts on broadband internet service and certain internet-connected devices to eligible low-income households, including those experiencing COVID-19-related economic disruptions.1 The Act and the Commission's rules

1 See Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. N, tit. IX, § 904, 134 Stat. 1182, 2129-63 (2020) (prior to 2021 amendment by Infrastructure Investment and Jobs Act, Pub. L. No. 117-58 (2021)) (codified at (continued...))

implementing the EBB Program authorized reimbursement from the Fund to participating providers who gave such discounts.

4. In the rules governing the EBB Program, the Commission stated that, to receive reimbursement, an officer of the participating provider must certify that “the connected device claimed meets the Commission’s requirements, that the reimbursement claim amount reflects the market value of the device, and that the connected device has been delivered to the household.”² The Commission’s stated purpose was to extend the life of the Fund by making the reimbursement claim amount reflect no more than the market value of the device.³ The Commission further directed participating providers to retain any materials that

document compliance with these requirements, including the device type (*e.g.*, laptop, tablet, mobile hotspot, modem, gateway, router, antenna, receiver, or satellite dish) and device make and model. We find that requiring certifications under penalty of perjury along with the possibility of an audit will help to encourage compliance with EBB Program requirements and reduce the incidence of improper payments.⁴

B. Factual Background

5. *Q Link Wireless LLC*. Q Link is a limited liability company organized in Delaware and based in Dania Beach, Florida.⁵ Q Link is an eligible telecommunications carrier (ETC) that has provided wireless Lifeline service on a resale basis since 2012,⁶ operating in 31 states, Puerto Rico, and the U.S. Virgin Islands.⁷ As an ETC, Q Link elected to participate in the EBB Program⁸ and offered EBB

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47 U.S.C. § 1752, Benefit for broadband service.), available at <https://www.congress.gov/bill/116th-congress/house-bill/133/text> (Consolidated Appropriations Act). The Act specified that “[a] violation of [section 904] or a regulation promulgated under this section shall be treated as a violation of the Communications Act of 1934 (47 U.S.C. § 151 *et seq.*) or a regulation promulgated under such Act. The Commission shall enforce this section and the regulations promulgated under this section in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms and provisions of the Communications Act of 1934 were incorporated into and made a part of this section.” *Id.* § 904(g), 134 Stat. at 2135; *see* 47 CFR §§ 54.1600-54.1612 (EBB Program rules); *Emergency Broadband Benefit Program*, Report and Order, WC Docket No. 20-445, FCC 21-29, 36 FCC Rcd 4612 (Feb. 26, 2021) (*EBB Program Order*). The temporary EBB Program transitioned into the longer-term ACP on December 31, 2021, with a 60-day transition period. *See Affordable Connectivity Program; Emergency Broadband Benefit Program*, Report and Order and Further Notice of Proposed Rulemaking, FCC 22-2, WC Docket No. 20-445, 2022 WL 218969, para. 2 (rel. Jan. 21, 2022) (*ACP Order*); *Emergency Broadband Benefit Program*, WC Docket Nos. 20-445, 21-250, Order, DA 21-1477 (WCB Nov. 26, 2021); *Emergency Broadband Benefit Program; Affordable Connectivity Program*, WC Docket No. 20-445 and 21-450, Order, DA 21-1524 (WCB Dec. 8, 2021).

² 47 CFR § 54.1608(e).

³ *EBB Program Order*, 36 FCC Rcd at 4660, para. 97.

⁴ *Id.*

⁵ State of Delaware, Div. of Corps., File No. 5029810 (Q Link Wireless LLC formed on August 25, 2011).

⁶ Q Link was the subject of an Enforcement Bureau investigation that culminated in a Notice of Apparent Liability proposing a forfeiture of \$100,000 for failing to respond to a Commission order to provide information and documents concerning an alleged flaw in the Q Link mobile app, which may have permitted unauthorized access to consumer proprietary information. *Quadrant Holdings LLC, Q Link Wireless LLC, and Hello Mobile LLC*, Notice of Apparent Liability for Forfeiture, DA 22-825, 2022 WL 3339390 (EB 2022). *See* Press Release, FCC, FCC Proposes Fine Against Q Link for Failing to Respond Inquiries Into Reported Data Breach (Aug. 5, 2022), <https://www.fcc.gov/document/fcc-proposes-q-link-fine-non-response-data-security-inquiry-0>.

⁷ Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at Responses to Inquiry 7 (dated June 17, 2021) (in File No. EB-IHD-21-00032347) (June 17, 2021 LOI Response); Public Notice, “Wireline Competition Bureau Approves the Compliance Plans of Birch Communications, Boomerang Wireless, IM Telecom, Q Link Wireless and Tag Mobile,”

(continued...)

Program-supported monthly wireless service to qualified customers that included unlimited smartphone data, talk and text at no charge to the customers.⁹ In exchange, Q Link claimed {{ [REDACTED] }}¹⁰ per EBB-eligible household per month from the Fund. Q Link also elected to participate in the connected device portion of the EBB Program.¹¹ Q Link requested reimbursement for connected devices through the EBB Program up to and including March 2022.¹²

6. Scepter 8 Tablet. For the Company's EBB-eligible connected device, Q Link offered a tablet model known as the Scepter 8. The Scepter 8 tablet does not appear to have been commercially available to retail customers but instead was manufactured by Hot Pepper, Inc.,¹³ which apparently provided this device exclusively to Q Link. The Company made claims from the Fund for providing the Scepter 8 to customers until the conclusion of the EBB Program.¹⁴

7. According to information from the Universal Service Administrative Company (USAC), the Commission's administrator of the EBB Program, Q Link requested a total of {{ [REDACTED] }} reimbursements for connected devices between June 1, 2021 and March 15, 2022.¹⁵ Q Link attributed a market value of {{ [REDACTED] }} to each device in its reimbursement claims and also attributed a co-pay charge

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WC Docket Nos. 09-197 and 11-42, DA 12-1286, 27 FCC Rcd 9184 (WCB Aug. 8, 2012) (approving Q Link's compliance plan to become a non-facilities-based Lifeline provider).

⁸ *EBB Program Order*, 36 FCC Rcd at 4619, para.15.

⁹ June 17, 2021 LOI Response at Response to Inquiry 10. Q Link also provides Lifeline-supported Commercial Mobile Radio Service and Commercial Mobile Data Service. *Id.* at Response to Inquiry 7. A service provider seeking to participate in the EBB Program was required to submit an election notice indicating its intention to participate and providing information about its service and connected device offerings. *See EBB Program Order*, 36 FCC Rcd at 4629, para. 39; 47 CFR § 54.1601(c). Q Link submitted its initial election notice on March 11, 2021, and submitted a revised notice on April 22, 2021.

¹⁰ Material set off by double brackets {{ [REDACTED] }} is confidential and is redacted from the public version of this document.

¹¹ *See* June 17, 2021 LOI Response at Responses to Inquiry 10; QLINK-98-000112-CONFIDENTIAL (Q Link Election Documentation) (in File No. EB-IHD-21-00032347). *See also Emergency Broadband Benefit Service Provider Election Form: Notice Documentation*, "Section B. Connected Devices," Doc. Identified in footer as "4822-3370-4416v.2" (dated Mar. 11, 2021).

¹² On March 16, 2022, the EBB Program rules at issue in this Notice of Apparent Liability ended and were replaced by the rules adopted in the *ACP Order*. *ACP Order* at 122, para. 269 ("To efficiently administer the Affordable Connectivity Program and to implement the requirements we adopt herein, we adopt the Bureau's *December 30th Guidance Order*. Accordingly the EBB Program rules shall continue to control, except where otherwise noted in the Bureau's final guidance order, until the rules we adopt today become effective as set forth in the Ordering Clauses below."); *Wireline Competition Bureau Announces Effective Dates of Affordable Connectivity Program Rules and Comment and Reply Comment Deadlines for Related Further Notice*, WC Docket No. 21-450, Public Notice, DA 22-152 at 1 (WCB Feb. 14, 2022).

¹³ Application of Hot Pepper, Inc. for Equipment Authorization, 2APD4-AP10 (filed Apr. 19, 2021), <https://fcc.report/FCC-ID/2APD4-AP10/>. Hot Pepper Inc. is the U.S. subsidiary of Shenzhen XiaoLaJiao Technology Co., Ltd. (XLJ), a mobile phone manufacturer based in the People's Republic of China.

¹⁴ Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at Response to Inquiry 128 (dated June 6, 2022) (in File No. EB-IHD-21-00032347) (June 6, 2022 LOI Response). According to Q Link, the Company first offered an 8-inch Android tablet model known as a {{ [REDACTED] }} as its EBB connected device offering. *See id.* at Response to Inquiries 10 and 24. Q Link never clarified to the Commission when it replaced the {{ [REDACTED] }} with the Scepter 8 tablet.

¹⁵ *See* Letter from James Lee, Senior Director, Lifeline and Affordable Connectivity Program, USAC, to Keith Morgan, Deputy Bureau Chief, FCC Enf. Bur. (dated Dec. 2, 2022) (summarizing Q Link's connected device claims during the EBB Program) (in File No. EB-IHD-21-00032347) (USAC Summary of Q Link Claims).

of \$10.01 to each device, resulting in an EBB reimbursement claim of {{ }}.¹⁶ This resulted in total claims for {{ }} connected devices at a rate of {{ }} each for a total of {{ }}, which USAC disbursed to Q Link over the course of the EBB Program.¹⁷ According to Q Link, the Company delivered connected devices to {{ }} EBB customers, and it claimed EBB reimbursement for a total of {{ }} connected devices from the beginning of the EBB Program through March 15, 2022.¹⁸ For purposes of the investigation, the Enforcement Bureau (Bureau) focused on Q Link's {{ }} EBB connected device claims from December 2021 through March 2022, which resulted in {{ }} in EBB reimbursements from the Fund to Q Link.¹⁹

III. DISCUSSION

8. The EBB Program sought to reduce the monetary burden of broadband internet access service for low-income households during the COVID-19 health emergency. At the EBB Program's end, over nine million American households benefited from subsidies for broadband services and devices,²⁰ including students accessing virtual classrooms, adults working remotely, and people providing and receiving critical healthcare services.²¹ However, while the Act and the Commission's rules made it possible for approved EBB providers to be reimbursed for providing EBB connected devices to eligible households,²² providers were restricted to device subsidies that reflected the device's "market value."²³

9. Congress authorized the EBB Program to help increase broadband connectivity to struggling households during the pandemic, not for companies to attempt to capitalize on a crisis by overcharging taxpayers for devices and services.²⁴ Consistent with the Act's direction to administer the EBB Program for eligible households during the COVID-19 emergency period while guarding against waste, fraud, and abuse of the Fund's resources, the Commission adopted limitations on the amount EBB providers could claim for supplying connected devices and required providers to charge users a co-pay for each connected device.²⁵ Providers seeking overpayments in violation of the rules undermine the integrity of the EBB Program. We find that, by claiming reimbursements for EBB connected devices at a rate apparently substantially exceeding their market value, Q Link apparently willfully and repeatedly

¹⁶ See Q Link Election Documentation.

¹⁷ See USAC Summary of Q Link Claims. See also June 6, 2022 LOI Response at Responses to Inquiry 127, QLINK-127-000172-CONFIDENTIAL (listing {{ }} reimbursement claims dated July 14, 2021 through April 16, 2022).

¹⁸ See June 6, 2022 LOI Response at Responses to Inquiries 91(k), (l). See also Q Link-127-000172-CONFIDENTIAL (containing {{ }} reimbursement claims made between July 14, 2021 and April 14, 2022).

¹⁹ {{

}}

²⁰ See USAC, *Emergency Broadband Benefit Program Enrollments and Claims Tracker*, <https://www.usac.org/about/emergency-broadband-benefit-program/emergency-broadband-benefit-program-enrollments-and-claims-tracker/> (last visited Jan. 10, 2023).

²¹ See FCC, *About the Emergency Broadband Benefit*, <https://www.fcc.gov/broadbandbenefit> (last visited Jan. 10, 2023).

²² See 47 CFR §§ 54.1601 (requirements for service providers to participate in EBB Program), 54.1603(b) (establishing EBB Program support amount for connected devices).

²³ See *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX § 904(b)(5), 134 Stat. at 2132; 47 CFR § 54.1608(e)(8).

²⁴ The Act required the Commission to adopt audit requirements to ensure provider compliance with the EBB Program's requirements and to prevent waste, fraud, and abuse. See *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX at § 904(b)(7); see also *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX § 904(b)(5), 134 Stat. at 2133-34.

²⁵ *EBB Program Order*, 36 FCC Rcd at 4659, paras. 93-94 (adopting certification requirements for EBB providers).

violated the sections of the Act and the Commission's rules prescribing these requirements applicable to service providers in the EBB Program.²⁶

A. Q Link Was Reimbursed in Excess of the Market Value of Its EBB Connected Devices

10. In implementing the EBB Program, the Commission tailored its rules to make support available in accordance with the Act's purposes and to safeguard the Fund from fraud, waste, and abuse.²⁷ For example, to participate in the EBB Program, broadband internet service providers were authorized to obtain support from the program that was "no more than the standard rate for an internet service offering and associated equipment, but not more than \$50.00 per month."²⁸ As the Commission found, the inclusion of a "standard rate" limitation was intended to prevent providers from artificially increasing prices above the usual market rate for their services for the purpose of claiming the maximum reimbursement amount.²⁹ Similarly, Congress specified that providers could be reimbursed *up to* \$100.00 for providing a connected device to a customer's household but had to charge the household a co-pay greater than \$10.00 and less than \$50.00 and could receive reimbursement for only a single device per household.³⁰ Importantly, to ensure the amount of reimbursement was fair, and to extend the Program funds for as long as possible, the Commission required that the claimed reimbursement for an EBB connected device be based on its "market value."³¹

11. As part of Q Link's notification to the Commission of its intent to participate in the EBB Program, on May 11, 2021, the Company claimed its 8-inch tablet had a "retail rate" of {{ }}, the customer co-payment would be \$10.01, and the EBB support amount would therefore be {{ }}.³² By submitting and certifying claims for reimbursement for connected devices each month from May 2021 through March 2022 at a rate of {{ }} each,³³ Q Link represented under penalty of perjury that each of its connected devices had a market value of {{ }}, comprised of the \$10.01 customer co-payment it certified it charged the household plus the {{ }} reimbursement from the Fund.³⁴

²⁶ *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX at § 904(b)(5), 134 Stat. at 2132; 47 CFR §§ 54.1603(b), 54.1608(d), (e)(8).

²⁷ As the Commission observed throughout the EBB rulemaking process, the Emergency Broadband Connectivity Fund has limited funding and we must make every effort to ensure that we maximize the use of these funds to serve as many eligible households as possible. *EBB Program Order*, 36 FCC Rcd at 4659, para. 95.

²⁸ 47 CFR § 54.1603(a).

²⁹ See *EBB Program Order*, 36 FCC Rcd at 4646-47, para. 72.

³⁰ 47 CFR § 54.1603(b).

³¹ *EBB Program Order*, 36 FCC Rcd at 4660, para. 97.

³² See Q Link Election Documentation; Q Link Wireless LLC, *Emergency Broadband Benefit Service Provider Election Form: Notice Documentation*, "Section B. Connected Devices," Doc. Identified in footer as "4822-3370-4416v.2" (dated Mar. 11, 2021). See also June 6, 2022 LOI Response at Response to Inquiry 98 and QLINK-98-000112-CONFIDENTIAL (email from John Heitmann, Counsel for Q Link, to Melissa Holo, USAC (Mar. 19, 2021 at 4:30 pm)).

³³ See Attachment 1, Table of Q Link EBB Device Reimbursement Claims at cols. O and U. Q Link submitted reimbursement claims for devices provided in May 2021 in June 2021 in accordance with an extension the Commission granted to EBB providers. See *Emergency Broadband Benefit Program*, WC Docket No. 20-445, Order, DA 21-671, 36 FCC Rcd 9434-35, para. 6 (WCB June 8, 2021) (waiving for one month requirement that participating providers shall submit certified reimbursement claims through Lifeline Claims System by the 15th of each month).

³⁴ See June 6, 2022 LOI Response to Inquiry 98. See also *id.* at Response to Inquiry 128 (stating Q Link receives {{ }} for each device, which was comprised of \$10.01 customer co-payment plus {{ }} reimbursement from USAC).

12. In its EBB election submission, the Company provided USAC with information about the connected device it intended to offer to customers, an eight-inch Android tablet initially identified as a {{ [REDACTED] }}.³⁵ Q Link subsequently identified its connected device as a different device, the Scepter 8 tablet manufactured by Hot Pepper, Inc. with these specifications:³⁶

Platform	A100 Quad core
OS	Android 11 Go
Dimension	208.5*124.5*9.2mm
Display	8" Multi touch capacitive screen; 800*1280 IPS
Rear Camera	2.0 MP
Front Facing Camera	0.3 MP
Connectivity	WIFI, IEEE 802.11 b/g/n Bluetooth 4.2
Memory	1GB + 16GB
Ports	Micro USB, USB-A, Support 3.5mm Headphone/Mic combo, Micro-SD
Battery	Built in Li Polymer 3500 mAh
More Info	FM, G-Sensor
Accessories	5V1A Charger

On November 16, 2021, Q Link submitted to USAC information about the Scepter 8 tablet it was offering and repeated its earlier claim that the tablet “price” was {{ [REDACTED] }}.³⁷ Q Link included in its submission to USAC a table with technical specifications and screen shots from online retailers comparing seven different tablet models Q Link indicated it considered comparable to the Scepter 8.³⁸ The purportedly comparable devices ranged in retail price from {{ [REDACTED] }} to {{ [REDACTED] }}, according to information provided by Q Link.³⁹

³⁵ See *Q Link Election Documentation* (specifying the tablet had {{ [REDACTED] }}); June 6, 2022 LOI Response at Response to Inquiry 98 and QLINK-98-000112-CONFIDENTIAL; Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at Response to Inquiry 24 (June 17, 2021) (in File No. EB-IHD-21-00032347) (June 17, 2021 LOI Response).

³⁶ See June 6, 2022 LOI Response at Response to Inquiry 98 and QLINK-98-000116-CONFIDENTIAL.

³⁷ See Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at QLINK-98-000116-CONFIDENTIAL (June 6, 2022), Email from Issa Asad, Q Link, Chief Executive Officer, to Zac St. Martin, USAC (Nov. 16, 2021, at 6:36 p.m.) (responding to USAC request for supplemental documentation and justification of device claim amount) (on file in File No. EB-IHD-21-00032347). Q Link’s description matched the chart that was provided in its initial *Election Documentation*, except that the dimensions were stated as “{{ [REDACTED] }}.” The information was provided as part of a program integrity review of Q Link’s participation in the EBB Program initiated in October 2021.

³⁸ June 6, 2022 LOI Response at Response to Inquiry 98, QLINK-98-000132-CONFIDENTIAL, and QLINK-98-000132-CONFIDENTIAL.

³⁹ *Id.* Q Link also stated the information it submitted to USAC on March 21, 2022 similarly demonstrated that the market value of its devices exceeded {{ [REDACTED] }}. However, as of April 1, 2022, Q Link said it had not distributed any ACP devices since {{ [REDACTED] }}. See also Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at Response to Inquiry 98 and QLINK-98-000158-CONFIDENTIAL (dated June 6, 2022) (table showing {{ [REDACTED] }} tablet models Q Link provided as comparable ACP devices). We do not address Q Link’s compliance with the ACP rules with regard to its connected devices, but we reserve our right to do so in a separate NAL, if appropriate.

13. In June of 2022, Q Link stated in response to the Bureau’s Letter of Inquiry (LOI) that “[o]n or about November 2021, Q Link {[

]} was not reflected in Q Link’s communications with USAC that it produced in the Bureau’s investigation; in fact, it conflicts with the Company’s statement to USAC on November 16, 2021, about the specifications of its connected device.⁴¹ In any event, even {[]} in November 2021, for most of the EBB Program’s duration, Q Link provided customers, and claimed reimbursement from the Fund for, tablets that had {[]}.

14. *Market Value Analysis.* The term “market value” is a recognized term, both generally and in the broadband internet service industry and applicable regulatory framework. As both the courts and the Commission have long recognized, the term refers to the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.⁴² In competitive markets with many sellers and many buyers, the market price will represent market value. The Commission has previously set the baseline for a good faith determination of fair market value by requiring carriers to use methods that are routinely used by the general business community.⁴³ Where, as here, a product is not sold through retail channels, one cannot look to its retail price. Instead, we look to the retail prices of products that have identical or similar technical specifications.

15. Q Link failed to cooperate with the Bureau’s investigation when it stated that {[

]}.⁴⁴ However, Bureau was able to

⁴⁰ Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at Response to Inquiry 98 (dated June 6, 2022).

⁴¹ See Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at QLINK-98-000116-CONFIDENTIAL (June 6, 2022), Email from Issa Asad, Q Link, Chief Executive Officer, to Zac St. Martin, USAC (Nov. 16, 2021, at 6:36 p m.) (asserting {[]}) (on file in File No. EB-IHD-21-00032347).

⁴² See *United States v. Cartwright*, 411 US 546, 551 (1973) (citing 26 CFR § 20.2031–1(b)). The willing buyer-willing seller test of fair market value is nearly as old as the federal income, estate and gifts taxes themselves. *Id.* See also *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, Order on Reconsideration, 11 FCC Rcd 21233, para. 171 (1996); *Puerto Rico Tel. Co.*, 16 FCC Rcd 8878, 8880 para. 4 n.13 (WCB 2001); 12 CFR § 34.42 (with respect to real estate lending, the U.S. Treasury Department defined market value as “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus”).

⁴³ For example, when carriers can estimate the market value of transactions using independent valuation methods, carriers should apply such methods to ascertain fair market value. Depending on the type of transaction, examples of methods for determining fair market values for both assets and services include appraisals, catalogs listing similar items, competitive bids, replacement cost of an asset, and net realizable value of an asset. *Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996*, 11 FCC Rcd 17539, 17610 at para 154 (1996).

⁴⁴ Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at Response to Inquiry 128 (dated June 6, 2022) (Q Link objected “on the basis of undue burden and relevance,” stating it did not “in the ordinary course of its business, maintain cost records segregated and organized on a per-unit basis, and so it does not believe it has responsive information within its possession, custody, or control.”).

obtain information from Q Link's equipment supplier, Hot Pepper, Inc., in response to a subpoena, during the course of its investigation.

16. To determine whether Q Link accurately represented the market value of the Scepter 8 tablet in its EBB device claims as required by section 54.1608(e)(8) of our rules, we must examine whether { } is the market value of the tablet Q Link provided during 2021 until March 2022. Because the Scepter 8 tablet does not appear to have been available at retail and may, in fact, have only been available through Q Link, there is no retail price for the device to reference as a potential market value. Therefore, the market value must be determined by comparing the Scepter 8 tablet's specifications with other widely available devices with similar specifications and characteristics and established retail prices.⁴⁵ Accordingly, we conducted an analysis of the market value of the Scepter 8 tablet pursuant to the following, four-part process: (1) identifying device characteristics that are likely related to market value; (2) assessing whether the devices submitted by Q Link as purportedly comparable to the Scepter 8 are, in fact, comparable for purposes of assessing market value; if not, (3) identifying other widely available devices having characteristics similar to various specifications of the Scepter 8; (4) establishing price ranges based on devices that have characteristics similar to those of the Scepter 8; and (5) determining which devices had the most similar technical characteristics, and using those prices to determine a market value.⁴⁶

17. Device specifications typically considered by consumers in selecting a device include: screen size, processor speed and number of cores, memory (RAM), storage (ROM), battery capacity, and camera resolution.⁴⁷ Generally, improvements in each of these specifications are associated with a higher retail price for the device, both because consumers are willing to pay more for higher-quality products and because improved specifications are more costly to manufacture.⁴⁸ To assess whether the devices submitted by Q Link as purportedly comparable to the Scepter 8 are actually analogous, we compared those specifications. That comparison revealed: (1) all but one of the devices Q Link claimed were comparable had at least double the RAM and ROM,⁴⁹ and five of the seven devices had more than triple the RAM; (2) while some of the devices had similar processor speeds as the Scepter 8, four of the devices had eight cores, which is double that of the Scepter 8; (3) all of the claimed comparable devices had larger batteries; (4) all but one of the devices had significantly better camera resolution;⁵⁰ and (5) some of the devices had a larger screen, and the majority of the devices had significantly better screen resolution.⁵¹ Thus, the devices submitted by Q Link had technical specifications that were significantly superior to the Scepter 8, and therefore they were not sufficiently similar for purposes of determining market value.⁵²

18. Since we could find no devices sold at retail that were similar to the Scepter 8 in all of the technical specifications discussed above, we performed two sets of comparisons. First, we identified devices that had similar RAM, ROM and camera quality, and then we identified devices with 8-inch

⁴⁵ In its submissions to USAC to substantiate market value and support its certifications, Q Link used this same methodology of relying on the online retail price of purportedly comparable devices to determine market value. See email from Issa Asad to Zac St. Martin (Nov. 16, 2021) (attaching "comparisons" in the form of a series of screenshots of other tablet devices available online and claiming { })).

⁴⁶ See Attachment 2, "Analysis of Market Value," at para. 4.

⁴⁷ *Id.* at para. 5.

⁴⁸ *Id.*

⁴⁹ The remaining "comparable," although having the same amount of ROM as the Scepter 8, has twice as much RAM and a much larger screen of 13 inches, compared to the 8-inch screen of the Scepter 8.

⁵⁰ While that one device has a comparable camera, it is significantly better than the Scepter 8 in all other respects.

⁵¹ Attachment 2, "Analysis of Market Value," at para. 9 and Table 1.

⁵² *Id.* at para. 10.

screens and somewhat similar processor speeds. Those tablets with similar RAM, ROM, and camera quality had only 7-inch screens and lower battery capacities, and some had slightly lower clock speeds.⁵³ Looking at devices with 8-inch screens and processors with clock speeds reasonably similar to those of the Scepter 8, they also had other specifications that were significantly superior to the Scepter 8. For example, all the devices had twice the ROM and all but one had twice the RAM as the Scepter 8; all had cameras with more than twice the resolution of the cameras included with the Scepter 8; and all but one of the devices had larger batteries than the Scepter 8.⁵⁴

19. We then closely examined the devices we had identified to determine a subset of devices that were “closest” to the Scepter 8 in terms of the selected specifications. Among the 7-inch devices, the two devices that were most similar to the Scepter 8 in terms of the technical specifications we examined were the Hyundai HyTab 7WC1, which had a price of \$50 to \$60 during the relevant period, and the Amazon Fire 7, which had a price of \$65 (\$50 with an ad-supported lock screen). Based on the prices of these devices, we find a reasonable floor for the market value of the Scepter 8 would be \$50.

20. Among the devices with an 8-inch screen, the device most similar to the Scepter 8 in terms of the technical specifications we examined was the Hyundai HyTab 8WC1, which sold for \$70 during the relevant period. It had the same processor and RAM as the Scepter 8, but twice the ROM, a slightly faster processor speed and a better camera. Given that it has several technical specifications that are superior to the Scepter 8, we find that the market value of the Scepter 8 must be less than \$70.⁵⁵

21. Based on our examination of devices with similar technical specifications, in this particular case, our best determination of the market value of the Scepter 8 is \$60.00, which is the mid-point in the range of prices of the devices we found most comparable. Several factors support this conclusion and suggest that the market value of the Scepter 8 should tend towards the low end of the market. First, the Scepter 8, unlike the Amazon Fire, is not a brand name tablet, and name brand products generally command higher prices as they may signal higher quality components to consumers. Second, the Scepter 8 does not appear to have been sold anywhere at retail. Third, while customer reviews of the Scepter 8 are limited, the reviews on YouTube and reseller websites were largely negative as to the quality of the device.⁵⁶ Relatedly, the PassMark Android device benchmarking app ranks the Scepter 8 device 4,358th out of 4,400 tablet and smartphone devices, which puts it in the bottom 2 percent in terms of benchmark scores.⁵⁷

22. Finally, as we have noted, two somewhat similar devices with 8-inch screens – the Hyundai 8WC1, with a better camera, double the ROM and a higher capacity battery; and the Gateway 8”, with more RAM and more ROM – sold for only \$70.00 and \$65.00, respectively, during the relevant period. If one deducts from the \$70.00 price of the Hyundai 8WC1 the likely incremental value of the increased ROM, the better camera and the larger capacity battery, which together likely well exceed \$10.00, the retail price of such a device would be below \$60.00. Likewise, a similar exercise for the

⁵³ *Id.* at paras. 12-13 and Table 2.

⁵⁴ *Id.* at para. 15 and Table 3.

⁵⁵ Specifically, we observe that tablets with better features generally command higher retail prices than their otherwise identical counterparts. For example, the Hyundai 8WB1 has 1 GB of additional RAM and 3MP of additional camera resolution compared to the Hyundai 8WC1 and costs \$10 more. The Fire 7” with 32 GB of ROM costs \$20 more than an identical Fire 7” tablet with 16GB of ROM.

⁵⁶ See, e.g., Mr. Goody, *Q-Link Wireless Scepter 8 Tablet Product Test And Review* (Jan. 22, 2022), <https://www.youtube.com/watch?v=kV4PfJzy9c8>; Neal Adams, *Qlink Scepter 8 tablet review. Spoiler, IT SUCKS* (Jan. 21, 2022), <https://www.youtube.com/watch?v=MWz08EYX8zY>; Reddit, *QLink Scepter 8 Tablet*, https://www.reddit.com/r/Qlink/comments/qn3gc8/qlink_scepter_8_tablet/ (last visited Jan. 10, 2023).

⁵⁷ PassMark Software, *Android Benchmarks*, <https://www.androidbenchmark.net/phone.php?phone=Qlink+Scepter+8+Tablet> (last visited Jan. 10, 2023).

Gateway 8" would reveal a retail price well below \$60.00. For these reasons, we find that the market value of the Scepter 8 is, at most, \$60.00.

23. Thus, Q Link's assertion that the Scepter 8 has a market value of {{ }} is not supported by the information provided by the Company, nor is it supported by analyzing comparable devices available during the same time frame. As a result, apparently Q Link has been reimbursed substantially in excess of the Scepter 8's objective market value. We find that Q Link has apparently received an overpayment of at least {{ }} per device for each of the {{ }} connected devices for which it claimed reimbursement during the EBB Program.

24. Q Link had access to the same information we use in this analysis. Thus, Q Link knew or should have known the market value of its device was far less than it claimed when it sought reimbursement, and that the technical specifications of the Company's device were substantially inferior to those that Q Link asserted were comparable. Despite this, the Company falsely stated in its election notice that the market value of the device was {{ }}.⁵⁸ Furthermore, Q Link's Chief Executive Officer certified with each monthly claim for reimbursement during the entire EBB Program that the amount Q Link claimed reflected the market value of the device,⁵⁹ and he certified that the information contained in each claim was true, complete, and accurate to the best of his knowledge, information, and belief.⁶⁰ From May 2021 through March 2022, Q Link sought reimbursement from the Fund for devices at a rate substantially in excess of their market value, falsely certified as to their market value, and claimed amounts from the Fund again substantially in excess of those to which it was entitled under the rules.

25. In correspondence with USAC in November 2021, Q Link claimed that its EBB connected device and the reimbursement rate had been approved by USAC.⁶¹ To the contrary, the Commission did not authorize USAC to pre-approve any EBB connected device market values. Significantly, in the EBB rulemaking, the Commission rejected requests from commenters who advocated to pre-approve the retail value of connected devices.⁶² Instead, the Commission said it would forego a pre-approval process for policy reasons and would use back-end audits to keep participants honest about claiming reimbursement for only the market value of devices:

to ensure the quick reimbursement of valid claims for connected devices, USAC will not be required collect and review documentation before processing a reimbursement claim. Instead, we require providers, under penalty of perjury, to certify that the connected device meets the Commission's requirements, that the reimbursement claim amount reflects the market value of the device, that the household has been charged a compliant co-pay amount, and that the connected device has been delivered to the household.⁶³

Consequently, USAC did not "approve" Q Link's reimbursement rate for EBB connected devices.

⁵⁸ QLINK-98-000112-CONFIDENTIAL (stating retail rate of {{ }} on Election Documentation).

⁵⁹ See 47 CFR § 54.1608(e)(8); Attachment 1, Table of Q Link EBB Device Reimbursement Claims at col. O.

⁶⁰ See 47 CFR § 54.1608(e)(13).

⁶¹ Letter from John T. Nakahata, et al., Harris, Wiltshire & Grannis LLP, Counsel for Q Link, to Jeffrey J. Gee, Chief, Investigations & Hearings Div., FCC Enf. Bur. at QLINK-98-000116-CONFIDENTIAL (June 6, 2022), Email from Issa Asad, Q Link, Chief Executive Officer, to Zac St. Martin, USAC (Nov. 16, 2021, at 6:36 p.m.) (on file in File No. EB-IHD-21-00032347).

⁶² *EBB Program Order*, 36 FCC Rcd at 4660, para. 97 ("To help make the Emergency Broadband Connectivity Fund last as long as possible, Public Knowledge urges the Commission to require providers to prove the retail value of the connected device to ensure that the provider is not receiving a reimbursement that exceeds the value of the device.").

⁶³ *EBB Program Order*, 36 FCC Rcd at 4660, para. 97

26. In light of our rejection of Q Link’s assertions in its LOI responses, its EBB election materials, monthly certifications that its connected device had a market value of {{ }}, and the other information assembled in the Bureau’s investigation, including the economic analysis of Q Link’s device, we find that Q Link apparently violated section 904(b)(5) of the Act as well as sections 54.1603(b), 54.1608(d), and 54.1608(e)(8) of the Commission’s rules by certifying and claiming connected devices at a rate that apparently substantially exceeded their market value and thus exceeded the amount of reimbursement permitted under the EBB Program.⁶⁴ Specifically, the {{ }} per device reimbursement amount claimed by Q Link added to the \$10.01 co-pay the Company reportedly charged device recipients resulted in the {{ }} per device market value asserted by the Company. However, as explained above, the market value for the Scepter 8 tablet is at most \$60.00. Thus, the maximum per device reimbursement allowable under the Commission’s rules was \$49.99 (the market value of \$60.00, minus the \$10.01 co-pay). As a result, we find that Q Link apparently received an approximate overpayment of approximately \$50 per device for {{ }} devices between May 12, 2021 and March 15, 2022. Thus, Q Link apparently claimed and received overpayments from the Fund of approximately \$32,900,700.00 over the course of the EBB Program. Focusing on the months at issue in the Bureau’s investigation, we find Q Link apparently claimed excessive reimbursements for {{ }} EBB connected devices between December 16, 2021 and March 15, 2022, for an overcollection from the Fund of at least \$20,792,800.00.

B. Proposed Forfeiture

27. Section 503(b) of the Communications Act of 1934 (Communications Act) authorizes the Commission to impose a forfeiture against any entity that “willfully or repeatedly fail[s] to comply with any of the provisions of [the Communications Act] or of any rule, regulation, or order issued by the Commission[.]”⁶⁵ Here, section 503(b)(2)(B) of the Communications Act authorizes us to assess a forfeiture against Q Link of up to \$237,268.00 for each day of a continuing violation, up to a statutory maximum of \$2,372,677.00 for a single act or failure to act.⁶⁶ In exercising our forfeiture authority, we must 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.”⁶⁷ In addition, the Commission has established forfeiture guidelines; they establish base penalties for certain violations and identify criteria that we consider when determining the appropriate penalty in any given case.⁶⁸ Under these guidelines, we may adjust a forfeiture upward for violations that are egregious, intentional, or repeated, or that cause substantial harm or generate substantial economic gain for the violator.⁶⁹

28. In this case, Q Link apparently claimed reimbursement from the EBB Program substantially in excess of the market value of its connected devices each month from December 16, 2021 to March 15, 2022, thereby preventing those funds from assisting other eligible households. Based on our analysis of the connected device’s technical specifications and retail prices of comparable devices that were

⁶⁴ *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX § 904(b)(5), 134 Stat. at 2132; 47 CFR §§ 54.1603(b), 54.1608(d), (e)(8); *see also EBB Program Order*, 36 FCC Rcd at 4660, para. 97.

⁶⁵ 47 U.S.C. § 503(b).

⁶⁶ *See* 47 U.S.C. § 503(b)(2)(B); 47 CFR § 1.80(b)(2). These amounts reflect the inflationary adjustments to the forfeitures specified in section 503(b) of the Communications Act. *See Amendment of Section 1.80(b) of the Commission’s Rules, Adjustment of Civil Monetary Penalties to Reflect Inflation*, Order, DA 22-1356, 2022 WL 18023008 (EB Dec. 23, 2022); *see also Annual Adjustment of Civil Monetary Penalties to Reflect Inflation*, 87 Fed. Reg. 783 (Jan. 5, 2023) (setting January 15, 2023, as the effective date for the increases).

⁶⁷ 47 U.S.C. § 503(b)(2)(E).

⁶⁸ 47 CFR § 1.80(b)(10), Note to paragraph (b)(10).

⁶⁹ *Id.*

widely available at the time, we have concluded Q Link's claims requested approximately {[]} more than market value per device. During the period relevant to our investigation, Q Link claimed excessive reimbursement for {[]} EBB connected devices for an apparent total overcollection from the Fund of approximately \$20,792,800.00. We consider each device Q Link claimed and certified for reimbursement above market value as a separate violation; therefore, Q Link had a total of {[]} violations of section 904(b)(5) of the Act and sections 54.1603(b), 54.1608(d), and 54.1608(e)(8).⁷⁰

29. Because the EBB Program rules are new, neither the Commission's forfeiture guidelines nor its case law have established a base forfeiture for violations of rules governing claims for EBB connected devices. Based on the totality of the circumstances in this case, including consideration of the factors set forth in section 503(b)(2)(E) of the Communications Act, we determine that a forfeiture amount based on treble the harm to the Fund is appropriate. The Commission has previously proposed forfeitures based, in part, on three times the amount of improper reimbursements for monthly Lifeline service to customers from the Universal Service Fund,⁷¹ as well as in the context of a company's failure to pay regulatory fees.⁷² Every dollar misdirected from the EBB Program to providers that violate our rules is a dollar that could instead have been used to make broadband service more affordable for low-income Americans, and we consider the proposed approach to be appropriate to both penalize Q Link's violations of the EBB Program rules and to deter those broadband service providers that fail to devote sufficient resources to prevent company practices resulting in overcollection violations, such as inflating the amount claimed for connected devices above market value. Although we reserve for a separate action a final determination of exact amount of Q Link's apparent overcollection from the Fund, as discussed above, Q Link apparently claimed at least {[]} per device above the amount to which it was entitled.

30. Therefore, we propose a forfeiture penalty of \$62,000,000.00 against Q Link for the apparent violations of section 904(b)(5) of the Act and sections 54.1603(b), 54.1608(d), and 54.1608(e)(8).⁷³ If an EBB service provider violates our rules and submits a request for program support that it knew or should have known exceeds the market value of its connected devices, and thus requests and/or receives more reimbursement from the Fund than the amount to which it is properly entitled, it undermines the support reimbursement mechanism. The Commission believes that the imposition of a significant forfeiture amount upon Q Link is a necessary response to overcollection violations, particularly in programs that benefit households in need of support for telecommunications and broadband service and devices. Service providers participating in these programs must take care to ensure compliance with the Commission's rules, especially the rules and procedures requiring that providers request and/or receive federal support only in the amounts permitted under the rules.

31. In addition, in light of Q Link's apparent misconduct and the resulting harm to the Fund, we order Q Link to respond in writing within 30 days of the release of this NAL explaining why the

⁷⁰ *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX § 904(b)(5), 134 Stat. at 2132; 47 CFR §§ 54.1603(b), 54.1608(d), (e)(8).

⁷¹ See, e.g., *Total Call Mobile Inc.*, Notice of Apparent Liability, 31 FCC Rcd 4191, 4216, para. 91 (2016) (proposing penalty element of three times the harm to the USF) (*Consent Decree entered into Total Call Mobile, Inc.*, 31 FCC Rcd. 13204 (EB 2016); *Easy Telephone Services, d/b/a Easy Wireless*, Notice of Apparent Liability, 28 FCC Rcd 14433, 14439, para. 17 (2013) (proposing forfeiture penalty element including three times the reimbursements requested and/or received by Easy Wireless for ineligible subscribers) (*Consent Decree entered into Easy Wireless Telephone Services, d/b/a/ Easy Wireless*, 32 FCC Rcd 10932 (2017)) See also 47 U.S.C. § 503(a) (mandating penalty of three times the value of improper intercarrier compensation payments); 31 U.S.C. § 3729 (prescribing civil monetary penalty plus three times the amount of damages which the government sustains because of a violation of the False Claims Act).

⁷² See *NECC Telecom, Inc.*, Notice of Apparent Liability, 31 FCC Rcd. 12936, 12944-45, para. 19 (2016) (proposing forfeiture based, in part, on treble the company's regulatory fee delinquency due to the Commission).

⁷³ *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX § 904(b)(5), 134 Stat. at 2132; 47 CFR §§ 54.1603(b), 54.1608(d), (e)(8).

Commission should not initiate proceedings, pursuant to 47 CFR § 54.1801(e)(2), to remove Q Link from the ACP program, and/or proceedings against Q Link to revoke its Commission authorizations, including its Section 214 authorizations.⁷⁴ We also direct Q Link to respond in writing within 30 days as to why the Enforcement Bureau and the Wireline Competition Bureau should not take measures, in addition to the safeguards already in place, pursuant to 47 CFR § 54.1801(e)(2)(iii)(B) to remove Q Link from the Commission's list of ACP approved providers, USAC's Companies Near Me Tool, and any similar records; and/or to suspend or revoke Q Link's ability to enroll or transfer in new subscribers. We direct Q Link to address the full range of its participation in the EBB and ACP programs, including the accuracy of its certifications and other representations to the Commission and any other potential failures to comply with program requirements. The Commission remains committed to maintaining service to all eligible customers and will work to ensure continued service.

IV. CONCLUSION

32. We have determined that Q Link apparently willfully and repeatedly violated section 904(b)(5) of the Consolidated Appropriations Act, Pub. L. No. 116-260, div. N, tit. IX, 134 Stat. at 2132,⁷⁵ and sections 54.1603(b), 54.1608(d), and 54.1608(e)(8) of the Commission's rules. As such, Q Link is apparently liable for a forfeiture of \$62,000,000.00.

V. ORDERING CLAUSES

33. Accordingly, **IT IS ORDERED** that, pursuant to section 503(b) of the Communications Act of 1934⁷⁶ and section 1.80 of the Commission's rules,⁷⁷ Q Link Wireless LLC is hereby **NOTIFIED** of this **APPARENT LIABILITY FOR A FORFEITURE** in the amount of Sixty-Two Million Dollars \$62,000,000.00 for willful and repeated violations of section 904(b)(5) of the Consolidated Appropriations Act, Pub. L. No. 116-260, div. N, tit. IX, 134 Stat. at 2132;⁷⁸ and sections 54.1603(b), 54.1608(d), and 54.1608(e)(8) of the Commission's rules.⁷⁹

34. **IT IS FURTHER ORDERED** that, pursuant to section 1.80 of the Commission's rules,⁸⁰ within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order, Q Link Wireless LLC **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture consistent with paragraph 37 below.

35. In order for Q Link Wireless LLC to pay the proposed forfeiture, Q Link Wireless LLC shall notify Kalun Lee, Deputy Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, at Kalun.Lee@fcc.gov of its intent to pay, whereupon an invoice will be posted in the Commission's Registration System (CORES) at <https://apps.fcc.gov/cores/userLogin.do>. Upon payment, Q Link Wireless LLC shall send electronic notification of payment to Kalun Lee, Deputy Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, at Kalun.Lee@fcc.gov on the date said payment is made. Payment of the forfeiture must be made by credit card using CORES at <https://apps.fcc.gov/cores/userLogin.do>, ACH (Automated Clearing House) debit from a bank account, or by wire transfer from a bank account. The Commission no longer accepts

⁷⁴ 47 CFR § 54.1801(e)(2). The Commission is authorized to order common carriers such as Q Link to respond to show cause orders. 47 CFR § 1.701(a).

⁷⁵ *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX § 904(b)(5), 134 Stat. at 2132.

⁷⁶ 47 U.S.C. § 503(b).

⁷⁷ 47 CFR § 1.80.

⁷⁸ *Consolidated Appropriations Act*, Pub. L. No. 116-260, div. N, tit. IX at § 904(b)(5), 134 Stat. at 2132.

⁷⁹ 47 CFR §§ 54.1603(b), 54.1608(d), (e)(8).

⁸⁰ 47 CFR § 1.80.

Civil Penalty payments by check or money order. Below are instructions that payors should follow based on the form of payment selected:⁸¹

- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. In the OBI field, enter the FRN(s) captioned above and the letters “FORF”. In addition, a completed Form 159⁸² or printed CORES form⁸³ must be faxed to the Federal Communications Commission at 202-418-2843 or e-mailed to RROGWireFaxes@fcc.gov on the same business day the wire transfer is initiated. Failure to provide all required information in Form 159 or CORES may result in payment not being recognized as having been received. When completing FCC Form 159 or CORES, enter the Account Number in block number 23A (call sign/other ID), enter the letters “FORF” in block number 24A (payment type code), and enter in block number 11 the FRN(s) captioned above (Payor FRN).⁸⁴ For additional detail and wire transfer instructions, go to <https://www.fcc.gov/licensing-databases/fees/wire-transfer>.
- Payment by credit card must be made by using CORES at <https://apps.fcc.gov/cores/userLogin.do>. To pay by credit card, log-in using the FCC Username associated to the FRN captioned above. If payment must be split across FRNs, complete this process for each FRN. Next, select “Manage Existing FRNs | FRN Financial | Bills & Fees” from the CORES Menu, then select FRN Financial and the view/make payments option next to the FRN. Select the “Open Bills” tab and find the bill number associated with the NAL Acct. No. The bill number is the NAL Acct. No. with the first two digits excluded (e.g., NAL 1912345678 would be associated with FCC Bill Number 12345678). After selecting the bill for payment, choose the “Pay by Credit Card” option. Please note that there is a \$24,999.99 limit on credit card transactions.
- Payment by ACH must be made by using CORES at <https://apps.fcc.gov/cores/userLogin.do>. To pay by ACH, log in using the FCC Username associated to the FRN captioned above. If payment must be split across FRNs, complete this process for each FRN. Next, select “Manage Existing FRNs | FRN Financial | Bills & Fees” on the CORES Menu, then select FRN Financial and the view/make payments option next to the FRN. Select the “Open Bills” tab and find the bill number associated with the NAL Acct. No. The bill number is the NAL Acct. No. with the first two digits excluded (e.g., NAL 1912345678 would be associated with FCC Bill Number 12345678). Finally, choose the “Pay from Bank Account” option. Please contact the appropriate financial institution to confirm the correct Routing Number and the correct account number from which payment will be made and verify with that financial institution that the designated account has authorization to accept ACH transactions.

36. Any request for making full payment over time under an installment plan should be sent to: Chief Financial Officer—Financial Operations, Federal Communications Commission, 45 L Street, NE, Washington, D.C. 20554.⁸⁵ Questions regarding payment procedures should be directed to the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

⁸¹ For questions regarding payment procedures, please contact the Financial Operations Group Help Desk by phone at 1-877-480-3201 (option #1).

⁸² FCC Form 159 is accessible at <https://www.fcc.gov/licensing-databases/fees/fcc-remittance-advice-form-159>.

⁸³ Information completed using the Commission’s Registration System (CORES) does not require the submission of an FCC Form 159. CORES is accessible at <https://apps.fcc.gov/cores/userLogin.do>.

⁸⁴ Instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

⁸⁵ See 47 CFR § 1.1914.

37. The written statement seeking reduction or cancellation of the proposed forfeiture, if any, must include a detailed factual statement supported by appropriate documentation and affidavits pursuant to sections 1.16 and 1.80(f)(3) of the Commission's rules.⁸⁶ The written statement must be mailed to the Office of the Secretary, Federal Communications Commission, 45 L Street, NE, Washington, D.C. 20554, ATTN: Enforcement Bureau – Investigations and Hearings Division, and must include the NAL/Account Number referenced in the caption. The statement must also be e-mailed to Kalun Lee at Kalun.Lee@fcc.gov.

38. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits the following documentation: (1) federal tax returns for the past three years; (2) financial statements for the past three years prepared according to generally accepted accounting practices; or (3) some other reliable and objective documentation that accurately reflects the petitioner's current financial status.⁸⁷ Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation. Inability to pay, however, is only one of several factors that the Commission will consider in determining the appropriate forfeiture, and we retain the discretion to decline reducing or canceling the forfeiture if other prongs of 47 U.S.C. § 503(b)(2)(E) support that result.⁸⁸

39. **IT IS FURTHER ORDERED** that, pursuant to section 403 of the Communications Act of 1934, as amended, 47 U.S.C. § 403, and section 1.701(b) of the Commission's rules, 47 CFR § 1.701(b),⁸⁹ Q Link shall respond to the request in paragraph 31 within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order.

40. **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 Issa Asad, President, Q Link Wireless LLC, 499 E. Sheridan Street, Suite 400, Dania, FL 33004; John T. Nakahata, Esq., Harris, Wiltshire & Grannis LLP, 1919 M Street, NW, Eighth Floor, Washington, DC 20036; and John Heitmann Esq., Nelson Mullins Riley & Scarborough LLP, 101 Constitution Avenue, NW Suite 900, Washington, DC 20001; and a copy of the following document shall be transmitted to Counsel for Q Link Wireless LLC, via secure file transfer: Attachment 1, Table of Q Link EBB Device Reimbursement Claims.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

⁸⁶ 47 CFR §§ 1.16, 1.80(f)(3).

⁸⁷ 47 U.S.C. § 503(b)(2)(E).

⁸⁸ See, e.g., *Ocean Adrian Hinson, Surry County, North Carolina*, Forfeiture Order, 34 FCC Rcd 7619, 7621, para. 9 & n.21 (2019); *Vearl Pennington and Michael Williamson*, Forfeiture Order, 34 FCC Rcd 770, paras. 18–21 (2019); *Fabrice Polynice, Harold Sido and Veronise Sido, North Miami, Florida*, Forfeiture Order, 33 FCC Rcd 6852, 6860–62, paras. 21–25 (2018); *Adrian Abramovich, Marketing Strategy Leaders, Inc., and Marketing Leaders, Inc.*, Forfeiture Order, 33 FCC Rcd 4663, 4678–79, paras. 44–45 (2018); *Purple Communications, Inc.*, Forfeiture Order, 30 FCC Rcd 14892, 14903–904, paras. 32–33 (2015); *TV Max, Inc., et al.*, Forfeiture Order, 29 FCC Rcd 8648, 8661, para. 25 (2014).

⁸⁹ 47 U.S.C. § 403; 47 CFR § 1.701(b).

ATTACHMENT 1

TABLE OF Q LINK EBB DEVICE REIMBURSEMENT CLAIMS

[REDACTED to Protect Customer Personally Identifiable Information
Document sent to Counsel via Secure File Transfer]

ATTACHMENT 2**ANALYSIS OF MARKET VALUE****Introduction**

1. Because neither the Scepter 8 nor an identical tablet was sold through any major retailers during the EBB Program, we cannot look to the retail price as an estimate of market value. Instead, we looked to the retail prices of devices with similar specifications.
2. Given the unusual combination of technical specifications in the Scepter 8, we did not find directly comparable devices. Although the Scepter 8 has an 8-inch screen like many higher-end devices, it has memory (RAM), storage (ROM), and camera resolution similar to lower-tier devices with a 7-inch screen.

Introduction And Overview of Methodology

3. The phrase “market value” has been defined as the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. In competitive markets with many sellers and many buyers, the interaction of supply and demand generally will determine market price, which will also represent market value. Here, however, as indicated above, the Scepter 8 was not sold through any major retailers, so one cannot look to its market price to estimate market value.
4. Our analysis proceeded as follows:
 - First, we identified technical specifications that are likely related to market value.
 - Then, we analyzed the devices submitted by Q Link as purportedly comparable to the Scepter 8, based on the technical specifications that were identified in the first step.
 - We then identified other widely-available devices that had various specifications similar to the Scepter 8.¹ Because of the unusual mix of technical specifications in the Scepter 8, we separately examined devices with 7-inch screens and those with 8-inch screens.
 - Fourth, we used the retail prices of these devices to establish a market value range.
 - Fifth, we determined which devices had the most similar specifications, and used those prices to determine a market value for the Scepter 8.

Relevant Device Specifications

5. In identifying devices to compare with the Scepter 8, we examined the following technical specifications, since these specifications are generally advertised on retail websites and buying

¹ Note that this approach is similar to that taken by Q Link, when it submitted data on the market prices of devices it claimed were similar to the Scepter 8 to justify the price it charged for the device. However, as discussed below, the technical specifications of the devices identified as comparable by Q Link do not appear closely comparable to those of the Scepter 8.

guides, and they are technical specifications typically considered by consumers in selecting a device:²

- Screen size
- Processor speed and number of cores
- Memory (RAM)
- Storage (ROM)
- Battery capacity
- Camera Resolution

In general, for each of these specifications, an improvement in the specification is associated with a higher retail price for the device, both because consumers are willing to pay more for higher-quality products and because devices with improved technical specifications are more costly to manufacture.³ For example, in comparing otherwise identical devices, those with more RAM or ROM will likely have higher prices.⁴ Similarly, where a manufacturer sells otherwise identical devices with different screen sizes, the device with the larger screen generally has a higher price.

6. While the analyses below incorporate specifications that are most likely to be the best predictors for the market value of a device, unmeasured or unmeasurable characteristics of a device may also affect market value. For example brand name, quality of components, overall device

² Consumer buying guides typically list these technical specifications as worth considering when deciding which device to purchase. Best Buy, *Buying Guide Tablets*, <https://www.bestbuy.com/site/buying-guides/tablet-buying-guide/pcmcat310900050011.c?id=pcmcat310900050011> (last visited Nov. 17, 2022); Xiomara Blanco, *How to buy a tablet* (Mar. 14, 2017), <https://www.cnet.com/tech/computing/tablets-buying-guide/>; Nick Mediati, *Tablet Buying Guide: 8 Essential Tips* (Feb. 24, 2016), <https://www.laptopmag.com/articles/tablet-buying-guide>; CDW, *Tablet Buying Guide* (Nov. 2, 2021), <https://www.cdw.com/content/cdw/en/articles/hardware/tablet-buying-guide.html>.

³ Buying guides also highlight the relationship between price and a device’s technical specifications. The CDW Tablet Buying Guide states “the larger the capacity of the tablet, the more expensive the device” and “as with screen size and storage, when memory goes up, so does the tablet’s price.” CDW, *Tablet Buying Guide* (Nov. 2, 2021), <https://www.cdw.com/content/cdw/en/articles/hardware/tablet-buying-guide.html>.

⁴ For example, on a major retailer’s website, the Amazon Fire HD 10" with 4 GB of RAM and 32 GB of ROM costs \$30 more than the same device with 3 GB of RAM (\$104.99 vs. \$74.99). Best Buy, *Amazon Fire HD 10 10.1" Tablet 32 GB Denim*, website as of Nov. 18, 2022, <https://web.archive.org/web/20221118180212/https://www.bestbuy.com/site/amazon-fire-hd-10-10-1-tablet-32-gb-denim/6461952.p?skuId=6461952> (last visited Nov. 18, 2022); Best Buy, *Amazon Fire HD 10 10.1" Tablet 32 GB Slate*, website as of Nov. 18, 2022, <https://web.archive.org/web/20221118181034/https://www.bestbuy.com/site/amazon-fire-hd-10-plus-10-1-tablet-32-gb-slate/6461929.p?skuId=6461929> (last visited Nov. 18, 2022). Similarly, increasing the ROM from 32 GB to 64 GB on a 3 GB ROM device increases the price by \$20 (\$94.99 vs. \$74.99). Best Buy, *Amazon Fire HD 10 10.1" Tablet 64 GB Denim*, website as of Nov. 18, 2022, <https://web.archive.org/web/20221118181206/https://www.bestbuy.com/site/amazon-fire-hd-10-10-1-tablet-64-gb-denim/6461930.p?skuId=6461930> (last visited Nov. 18, 2022). The case is similar for other devices like the Samsung Galaxy Tab A8 10" which has a price of \$149.99 for a 3 GB RAM, 32 GB ROM version and a price of \$179.99 for a 4 GB RAM, 64 GB ROM version. Best Buy, *Samsung Galaxy Tab A8 10.5" 32GB (Latest Model) Wi-Fi Gray*, website as of Nov. 18, 2022, <https://web.archive.org/web/20221118181624/https://www.bestbuy.com/site/samsung-galaxy-tab-a8-10-5-32gb-latest-model-wi-fi-gray/6492906.p?skuId=6492906> (last visited Nov. 18, 2022); Best Buy, *Samsung Galaxy Tab A8 10.5" 64GB (Latest Model) Wi-Fi Gray*, website as of Nov. 18, 2022, <https://web.archive.org/web/20221118181658/https://www.bestbuy.com/site/samsung-galaxy-tab-a8-10-5-64gb-latest-model-wi-fi-gray/6492905.p?skuId=6492905> (last visited Nov. 18, 2022).

performance, or other unmeasured aspects of quality and reliability could be important factors in determining market value.

7. The available evidence suggests that along many, if not all, of these less easily measured device characteristics, the Scepter 8 tablet would either underperform competitor products or would not be appreciably different.⁵ Consequently, the market value of the Scepter 8 should be expected to be on the low end of devices with similar technical specifications.
8. We collected technical specifications and prices of devices with similar specifications that were sold by major retailers. Technical specifications were collected from retailer websites, manufacturer websites, publicly available device manuals, and FCC engineering certifications. For each device, where possible, multiple sources were checked. Device prices were gathered using price aggregators and website archives spanning from a month prior to the adoption of the EBB Program rules on February 25, 2021, to March 15, 2022, the end of EBB program claim submissions to USAC.⁶ In particular, CamelCamelCamel is an Amazon.com price aggregator that provides the price history of a product listing.⁷ In addition, the Wayback Machine is an archive of websites. While not all websites are archived, there are snapshots of retailer websites that provide price information on tablets that were available.⁸

Evaluation of Devices Q-Link Submitted as Comparable

9. As a starting point for the analysis, we examined the technical specifications of the devices that Q Link submitted as comparable to the Scepter 8.⁹ See Table 1. All the devices cited by Q Link are

⁵ Although reviews for the Scepter 8 are limited, reviews found on YouTube and reseller websites were largely negative as to the quality of the device. Similarly, the PassMark Android device benchmarking app ranks the Scepter 8 4358 out of 4400 tablet and smartphone devices. This puts it in the bottom 2 percent of benchmark scores. PassMark Software, *Android Benchmarks*, <https://www.androidbenchmark.net/phone.php?phone=Qlink+Scepter+8+Tablet> (last visited Nov. 17, 2022).

⁶ The Commission adopted the rules and policies creating and governing the EBB Program on February 25, 2021. FCC, *Emergency Broadband Benefit Program*, <https://www.fcc.gov/emergency-broadband-benefit-program> (last visited Nov. 17, 2022).

⁷ CamelCamelCamel tracks the price history of any product sold on Amazon. See Ignacia Fulcher, Dan Kim, Jordan Thomas, Nathan Burrow and Krista Lee, *8 Money Saving Tips, According to Wirecutter's Expert Deal Hunters*, N.Y. TIMES (Apr. 19, 2022), <https://www.nytimes.com/wirecutter/money/money-saving-tips-and-tricks/>. The website has also been used by reporters to track prices. See Daisuke Wakabayashi, *Does Anyone Know What Paper Towels Should Cost?*, N.Y. TIMES (Feb. 2, 2022), <https://www.nytimes.com/2022/02/26/technology/amazon-price-swings-shopping.html>.

⁸ The Internet Archive is a non-profit entity that catalogs web history. Internet Archive, *About the Internet Archive*, <https://archive.org/about/> (last visited Nov. 17, 2022).

⁹ Q Link claimed that one of the devices it submitted as a comparable, the Vankyo MatrixPad S8, had a price of \$111, but both the manufacturer's website and Amazon listed it as \$90 during the EBB program. In June of 2021, the Vankyo website listed the device for \$89.99. Vankyo, *VANKYO MatrixPad S8 Android Tablet, Android 9.0 Pie, Tablet 8 inch, IPS HD Display*, website as of June 20, 2021, <https://web.archive.org/web/20210620053637/https://ivankyo.com/collections/tablet/products/vankyo-matrixpad-s8-android-tablet-android-hd-tablet> (last visited November 17, 2022). While there may be reasons for the price on a manufacturer's website to differ from other retailers, in this case we find that the price was listed elsewhere for \$89.99. CamelCamelCamel, an Amazon.com price aggregator, show the device as having a price of \$89.99 during the last half of 2021. CamelCamelCamel, *VANKYO MatrixPad S8 Tablet 8 inch, Android OS, 2 GB RAM, 32 GB Storage, IPS HD Display, Quad-Core Processor, Dual Camera, GPS, FM, Wi-Fi, Black (B0868RQYTC)*,

(continued...)

significantly better in some or all specifications compared to the Scepter 8. Moreover, these differences were sufficiently great that the retail prices of these tablets cannot be reliably used to establish the market value of the Scepter 8. For example, as shown in the table below, all but one of the devices had at least double the RAM and ROM of the Scepter 8; the remaining “comparable” although having the same amount of ROM as the Scepter 8, has twice as much RAM and a much larger screen size (13 inches compared to 8 inches for the Scepter 8); and five of the seven devices had more than triple the RAM. All of the purported comparable devices had larger batteries, and all but one device had significantly better camera resolution; while one had the same camera resolution, it was significantly better than the Scepter 8 in all other respects. Five of the seven devices cited by Q Link had significantly better screen resolution and four had double the number of cores compared to the Scepter 8.

Table 1: Devices Submitted by Q-Link as Purported Comparables

Model Name	RAM (GB)	ROM (GB)	Processor Details	Processor Speed (GHz)	Cores	Battery (mAh)	Camera Front+Back (MP)	Screen (in.)	Screen Resolution	Q-Link Claimed Price
<i>Scepter 8</i>	{[]}	16	<i>Allwinner A100</i>	1.5	4	3,500	0.3, 2	8	800x1280	{[]}
{[]}	3	32	SAS8 Octa Core	1.6	8	4,000	5, 13	8	1920x1200	\$149.99
Blackview Tab 8 SC9863A	4	64	Spreadtrum Octa Core	1.6	8	6,580	5, 13	10.1	1200x1920	\$139.99
AOYODKG	3	32	Quad Core	1.6	4	5,000	2, 5	8	800x1280	\$162.99
Vankyo MatrixPad S8	2	32	Spreadtrum SC7731	1.3	4	4,000	2, 5	8	1280x800	\$110.99 ¹⁰
Supersonic SC-813	2	16 ¹¹	Cortex A53 Octa Core	1.5	8	10,000	2, 5	13.3	1920x1080	\$209.00
Lenovo Tab M8 FHD	3	32	Octa Core	2.3	8	5,100	5, 13	8	1920x1200	\$139.99
Telecast M8	3	32	All Winner A 63 Quad Core	1.8	4	4,800	0.3, 2	8.4	2560x1600	\$136.99

Evaluation of Devices with More Comparable Technical Specifications

10. Having determined that the comparable devices submitted by Q-Link had technical specifications that were significantly superior in most or all dimensions to the Scepter 8, and therefore not sufficiently similar for purposes of determining the Scepter 8’s market value, we identified

(Continued from previous page...)

<https://camelcamelcamel.com/product/B0868RQYTC> (last visited Nov. 17, 2021). In addition, it is worth noting that the Vankyo has twice the RAM and ROM; a better battery, and higher resolution camera than the Scepter 8.

¹⁰ As indicated above, the correct price for this device during the EBB period is \$89.99. See *supra* note 9.

¹¹ Q Link reported that this device had 8 GB of ROM, but both the user manual and box state that it has 16 GB of ROM. Pawn America, *Supersonic SC-813 13.3" Wi-Fi 16GB Octa-Core Android Tablet (In Box)*, [https://www.pawnamerica.com/Product/Supersonic SC 813 13 3 Wi Fi 16GB Octa Core Android Tablet In Box 24223011127](https://www.pawnamerica.com/Product/Supersonic%20SC%20813%2013%203%20Wi%20Fi%2016GB%20Octa%20Core%20Android%20Tablet%20In%20Box%2024223011127) (last visited Nov. 3, 2022).

additional devices that were more similar to the Scepter 8 (although still different in many respects) using the technical specifications set forth above.

11. As previously indicated, we found no devices that were similar to the Scepter 8 in all of the technical specifications we examined. In particular, the memory (RAM), storage (ROM), processor speed, and camera resolution of the Scepter 8 were more comparable to relatively low-end devices with 7-inch screens, compared to the Scepter 8's 8-inch screen, while other 8-inch devices generally had more RAM and ROM, better camera resolution, and in most cases faster processors than the Scepter 8.
12. Because of this, we performed two sets of comparisons. First, we compared devices that had similar RAM, ROM, and camera quality, as these technical specifications are often prominently featured in tablet advertisements.¹² Second, we compared devices with 8-inch screens.

Evaluation of Devices with Similar RAM, ROM, and Camera Quality

13. Table 2 below lists devices that had the same or similar ROM, RAM, and camera quality as the Scepter 8. Devices in Table 2 have prices that range between \$43.43 and \$79.99. However, some of the devices include additional features that consumers may value. In particular, the Veidoo V88, Visual Land Prestige Elite 7QL, Azpen K749B, and Contixo V8 are tablets targeted to children that have a protective bumper case and claim to include additional educational software for children. These additional features can raise the retail price of a tablet considerably. For example, the price for a Fire 7 Kids (2022 release) tablet is currently \$35.00 higher than a Fire 7 (2022 release) tablet with identical technical specifications but without these additional features targeted to children.¹³ Additionally, the higher price point for the Core Innovations includes headphones and a sleeve. Of the devices not targeted to children, all have 7-inch screens and lower battery capacity. Two have processors with slightly lower clock speeds, but two had better cameras than the Scepter 8.

Table 2: Devices with RAM, ROM, and Camera Quality Similar to the Scepter 8¹⁴

Model Name	RAM (GB)	ROM (GB)	Processor Details	Processor Speed (GHz)	Cores	Battery (mAh)	Camera Front +Back (MP)	Screen (in)	Screen Resolution	Historical Price
<i>Scepter 8</i>	{ [] }	16	<i>Allwinner A100</i>	1.5	4	3,500	0.3, 2	8	800x1280	
Core Innovations 7"	1	16	Rockchip RK3326C	1.5	4	2400	0.3, 2	7	1024 x 600	\$44.00-\$69.00

¹² For example, when viewing tablets on Amazon.com or BestBuy.com (e.g., Amazon Fire, Lenovo, etc.), many give the option to switch between different amounts of storage capacity (e.g., 16 vs. 32 GB) for a different price.

¹³ A Fire 7 Kids (2022 release) tablet currently retails for \$109.99 while a regular Fire 7 (2022 release) tablet without ads retails for \$74.99. Amazon, *All-new Fire 7 Kids tablet, 7" display, ages 3-7, with content kids love, ad-free, Kid-Proof Case, 16 GB, (2022 release), Blue*, website as of Sept. 1, 2022, <https://web.archive.org/web/20220901074901/https://www.amazon.com/Fire-7-Kids-Tablet/dp/B099HDR2Y6> (last visited Nov. 18, 2022); Amazon, *Fire 7 tablet, 7" display, 16 GB, 10 hours battery life, light and portable for entertainment at home or on-the-go, (2022 release), Black*, website as of Nov. 11, 2022, <https://web.archive.org/web/20221111062219/https://www.amazon.com/Fire-7-Tablet/dp/B096WKKK2K> (last visited Nov. 18, 2022).

¹⁴ The information sources for all prices are listed in a table in the appendix.

Veidoo V88 *	1	16		1.3	4	2500	0.3, 2	7	1024 x 600	\$58.00-\$69.99
Amazon Fire 7 (2019 16 GB)	1	16	MediaTek 8163	1.3	4	3200	2, 2	7	1024 x 600	\$49.99-64.99 ¹⁵
Visual Land Prestige Elite 7QL*	1	16	Allwinner A33	1.2	4	3000	0.3, 2	7	1024x600	\$69.99-\$79.99
Azpen Remote Learning Kids Tablet K749B*	1	16	A50 Quadcore	1.3	4	2500	0.3, 2	7	1024x600	\$58.99
Ematic 7 8.1 TAB (EGQ378PN)	1	16		1.2	4	2000	0.3, 2	7	1024 x 600	\$54.99
Contixo V8*	1	16	Allwinner A100	1.5	4	3200	0.3, 2	7	1024 x 600	\$59.99-\$79.99
Hyundai HyTab 7WC1	1	32	Allwinner A100	1.5	4	2400	2, 2	7	1024 x 600	\$49.99-\$59.99

* These devices are targeted toward parents with children and include additional features like protective bumpers, educational software, and parental controls.

Evaluation of Devices with an 8 Inch Screen

14. As indicated in Table 3, the 8-inch devices we identified generally had higher prices than the 7-inch devices listed in Table 2 (as one would expect), but also had other technical specifications that were significantly superior to the Scepter 8. For example, all the devices in Table 3 had twice the ROM and all but one had twice the RAM as the Scepter 8. In addition, most had cameras with more than twice the resolution of the cameras included with the Scepter 8. Finally, all but one of the devices had larger batteries than the Scepter 8. Despite many superior technical specifications, the prices of all these devices were still below Q-Link’s claimed reimbursement rate for the Scepter 8. Specifically, the prices of the devices in Table 3 range from \$64.99 to \$82.99, which again is significantly below the market value claimed by Q-Link for the Scepter 8. In addition, at least two of the five devices had the same Allwinner A100 processor that was used in the Scepter 8 during this period.¹⁶ These two devices had the same processor as the Scepter 8, but more ROM, better camera resolution, and a larger battery capacity than the Scepter 8, yet both were sold at lower prices, with the lowest cost device sold at {{ }} less than the claimed market value of the Scepter 8.

¹⁵ Currently, Amazon sells versions of its tablets with and without ad-supported lock screens. The tablet costs \$15 more without an ad-supported lock screen. Amazon, *Fire 7 tablet, 7" display, 16 GB, (2019 release), without lockscreen ads, Black*, <https://www.amazon.com/Fire-Tablet-7/dp/B07JQP283M?th=1> (last visited Nov. 17, 2022). Because it is unclear whether the Amazon Fire device found at Best Buy includes ads, an additional \$15 is added to the price to account for the possible removal of the ads. “Amazon makes you pay back any discount you received on your tablet when you agreed to see ads. The cost to remove them later will be around \$15 to \$20.” Smart Home Starter, *How Much To Remove Ads From Fire HD 10* (Jan. 1, 2022), <https://smarthomestarter.com/how-much-to-remove-ads-from-fire-hd-10/>.

¹⁶ This type of processor is a “system-on-a-chip” design that incorporates multiple components into one. These systems-on-a-chip (SoCs) designs integrate the RAM and graphics into a single silicon chip. “This has some implications, as two similar chips’ processor cores may have different amounts of memory and different graphics engines, which can cause variations in performance. Manufacturers might alter the design, but for the most part, performance is similar between products within the same base design.” Mark Kyrnin, *Evaluating Tablet PCs Based on Processors* (Dec. 2, 2020), <https://www.lifewire.com/guide-to-tablet-processors-832330>.

Table 3: Comparison of the Scepter 8 to Other Devices with 8-inch Screens

Model Name	RAM (GB)	ROM (GB)	Processor Details	Processor Speed (GHz)	Cores	Battery (mAh)	Camera Front +Back (MP)	Screen (in)	Screen Resolution	Historical Price
<i>Scepter 8</i>	{ [] }	16	<i>Allwinner A100</i>	1.5	4	3500	0.3, 2	8	800x1280	
Hyundai HyTab 8WC1	1	32	Allwinner A100	1.8	4	4000	2, 2	8	800 x 1280	\$69.99
Coopers CP80	2	32	Allwinner	1.5	4	4300	2, 5	8	1280x800	\$70 - \$80
Hyundai Hytab Plus 8WB1	2	32	Allwinner	1.6	4	3500	2, 5	8	1280x800	\$79.99
Gateway 8"	2	32	Allwinner	1.5	4	4000	0.3, 2	8	1280X800	\$64.99
Pritom L8	2	32	Unisoc	1.6	4	3900	2, 8	8	1280 x 800	\$82.99

15. Given the fairly broad range of prices and technical specifications for devices identified in Tables 2 and 3, each of the identified devices was closely examined to identify those devices that were “closest” to the Scepter 8 in terms of their technical specifications. In making this determination additional factors were considered, such as whether the device is bundled with additional accessories, whether it was targeted towards children, or was from a well-known tablet manufacturer that may signal higher quality components. Among the 7-inch screen devices listed in Table 2, the following two devices we identified as closest to the Scepter 8. First, was the Hyundai HyTab 7WC1; it had the same processor as the Scepter 8, but twice the ROM and a better camera.¹⁷ It had a price of \$50.00 to \$60.00 during the relevant period.
16. The second device identified was the Amazon Fire 7, which was and is widely sold; it has the same RAM and ROM as the Scepter 8, an only slightly slower clock speed processor, but it has a better camera and is a brand name product. It sold for between \$50.00 and \$65.00.
17. Among the 8-inch devices listed in Table 3, the device we identified as most similar was the Hyundai HyTab 8WC1. It had the same processor and RAM as the Scepter 8, but it had twice the ROM and it had a slightly faster processor and a better camera. It sold for \$70.00.
18. Based on this analysis of the retail prices for the most comparable tablets sold during the same time period, it appears that a conservative estimate of the market value of the Scepter 8 is between \$50.00 and something less than \$70.00. This conclusion is based on the following observations. First, the 8-inch tablet with the technical specifications most similar to the Scepter 8 is the Hyundai 8WC1. The 8WC1 had the same Allwinner A100 processor, but a better camera, double the ROM, and a higher capacity battery, and it sold for only \$70.00 during the relevant period. Given that it has so many technical specifications that are superior to the Scepter 8, a \$70.00 upper bound is conservative. Also, the Gateway 8”, with more RAM and more ROM – sold for only \$65 during the relevant period. Second, while there are some tablets in our

¹⁷ While the Contixo V8 had technical specifications more similar to the Scepter 8 than the HyTab 7WC1, as noted above it is also a tablet targeted at parents with children that comes with a bumper and educational software and parental controls. These extra features tend to increase the price of a tablet and therefore we concluded that the 7WC1 was the closest comparable.

analysis that sold for \$80.00, these tablets were either tablets targeted at parents with children that are bundled with features that significantly raise retail prices or were tablets, such as the Coopers CP80 and Hyundai 8WB1, that have technical specifications far superior to the Scepter 8. Further, an analysis of the incremental value of adding these types of upgrades to a tablet shows that these superior features would be expected to raise the market value by at least \$10.00, but likely closer to \$20.00.¹⁸

¹⁸ For example, the Hyundai 8WB1 has 1 GB of additional RAM and 3MP of additional camera resolution compared to the Hyundai 8WC1 and costs \$10.00 more. Also, the Fire 7" with 32 GB of ROM costs \$20.00 more than an identical Fire 7" tablet with 16GB of ROM.

Appendix

The table below lists the historical prices found for the devices presented in this analysis.

Model Name	Listing	Price	Date	Store	Link	Comments
QLINK Scepter 8						
Core Innovations 7"	1	\$44.00	11-Aug-21	Walmart	https://web.archive.org/web/20210811210823/https://www.walmart.com/ip/Core-Innovations-CRTB7001-7-Quad-Core-Tablet-with-Headphones-Tablet-Sleeve-Black/728125242	-
Core Innovations 7"	2	\$69.00	11-Jan-22	Walmart	https://web.archive.org/web/20220111095641/https://www.walmart.com/ip/Core-Innovations-CRTB7001-7-Quad-Core-Tablet-with-Headphones-Tablet-Sleeve-Black/728125242	Second Link includes headphones
Veidoo V88	1	\$58.00-\$69.99	Over 2021	Amazon	https://camelcamelcamel.com/product/B07PF26QTL	Includes bumper case and claims to include applications for children.
Fire 7 (2019 16 GB)	1	\$49.99+15	21-Sep-21	Best Buy	https://web.archive.org/web/20210921053241/https://www.bestbuy.com/site/amazon-fire-7-2019-release-7-tablet-16gb-black/6351374.p?skuId=6351374	-
Fire 7 (2019 16 GB)	2				https://www.lifewire.com/remove-ads-amazon-fire-tablet-5272166#:~:text=How%20much%20does%20it%20cost,be%20around%20%2415%20to%20%2420.	Note Amazon Requires \$15 to remove ads
Visual Land Prestige Elite 7QL	1	\$69.99	7-Jun-21	Walmart	https://web.archive.org/web/20210607125727/https://www.walmart.com/ip/Visual-Land-Prestige-7-Quad-Core-Tablet-16GB-includes-Bumper/41005537	Includes a bumper case.
Visual Land Prestige Elite 7QL	2	\$79.99	5-Sep-21	Kohls	https://web.archive.org/web/20210905004837/https://www.kohls.com/catalog/visual-land.jsp?CN=Brand:Visual%20Land	-
Azpen Remote Learning Kids Tablet K749B	1	\$58.99	1-May-21	Tigerdirect	https://web.archive.org/web/20210501051830/https://www.tigerdirect.com/applications/category/guidedSearch.asp?CatId=6838&sel=Price%3BPrice3	Includes bumper case, parental control
Azpen Remote Learning Kids Tablet K749B	2	\$69.99	30-Jul-21	Manufacturer	https://web.archive.org/web/20210730031447/https://azpenpc.com/products/azpen-wonder-tablet	-

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Ematic 7 8.1 TAB (EGQ378 PN)	1	\$54.99	1-May-21	Tigerdirect	https://web.archive.org/web/20210501051830/https://www.tigerdirect.com/applications/category/guidedSearch.asp?CatId=6838&sel=Price%3BPrice3	
Contixo V8	1	\$59.99	19-Oct-21	Walmart	https://web.archive.org/web/20211019154406/https://www.walmart.com/browse/electronics/android-tablets/3944_1078524_1231200	Includes bumper case, parental control software, and claims to include applications for children
Contixo V8	2	\$79.99	28-July-21	Bed Bath and Beyond	https://web.archive.org/web/20210728211541/https://www.bedbathandbeyond.com/store/brand/contixo/8351	
Hyundai HyTab 7WC1	1	\$59.99	14-Aug-21	B&H Photo	https://web.archive.org/web/20210814064707/https://www.bhphotovideo.com/c/buy/Shop-by-Brand-Hyundai/ci/4/phd/7380/N/4294255798	
Hyundai HyTab 7WC1	2	\$49.99	24-Jul-21	Office Depot	https://web.archive.org/web/20210724055338/https://www.officedepot.com/a/browse/tablets/N=5+1462097/	-
Hyundai HyTab 8WC1	1	\$69.99	27-Feb-21	Office Depot	https://web.archive.org/web/20210227164038/https://www.officedepot.com/a/browse/hyundai-tablets/N=5+1462097&cbxRefine=510649/	
Coopers CP80	1	\$70 - \$80	2021	Amazon	https://camelcamelcamel.com/product/B0928N2ZD9	-
Hyundai Hytab Plus 8WB1	1	\$79.99	14-Mar-2022	Amazon	https://camelcamelcamel.com/product/B09HDVQ3FB and https://keepa.com/#!/product/1-B09HDVQ3FB	-
Gateway 8"	1	\$64.99	9-Mar-21	Walmart	https://web.archive.org/web/20210309193932/https://www.walmart.com/browse/electronics/gateway-tablets/3944_1078524_3119922_3326300	-
Gateway 8"	2	\$64.99	12-Aug-21	Walmart	https://web.archive.org/web/20210812064126/https://www.walmart.com/ip/Gateway-8-Tablet-Quad-Core-32GB-Storage-2GB-Memory-0-3MP-Front-Camera-2MP-Rear-Camera-USB-C-Sound-ID-Android-10-Go-	

					Edition-Black/934518766	
Pritom L8	1	\$82.99	31-Mar-21	Amazon	https://web.archive.org/web/20210331020442/https://www.amazon.com/Android-Tablet-Pritom-Processor-Bluetooth/dp/B08CS9HG6M	