



Human Rights Defense Center

DEDICATED TO PROTECTING HUMAN RIGHTS

February 23, 2017

The Honorable Ajit Pai, Chairman
Federal Communications Commission
445 12th St. S.W.
Washington, D.C. 20554

Re: *Ex Parte* filing for WC Docket 12-375

Dear Chairman Pai:

The Human Rights Defense Center (HRDC), publisher of *Prison Legal News* (PLN), respectfully submits this *ex parte* filing for WC Docket No. 12-375 regarding corruption involving Global Tel*Link, this country's largest provider of Inmate Calling Services (ICS), and others as alleged by the Attorney General for the State of Mississippi in a civil action filed February 8, 2017.

HRDC noted in prior filings on this Docket¹ that Sam Waggoner, a paid consultant for Global Tel*Link (GTL), was charged in U.S. District Court on August 19, 2015 with bribing Christopher B. Epps, the former MDOC Commissioner and then-president of both the American Correctional Association and the Association of State Correctional Administrators (ASCA), to contract/retain GTL as the MDOC's exclusive prison phone provider.² Mr. Waggoner pled guilty to all charges two days later and agreed to forfeit \$200,000 to federal authorities, representing "the proceeds he obtained as a result of the illegal conduct." *Id.* A judgment and commitment order was entered on January 27, 2017 finding Mr. Waggoner guilty of one count of bribery and committing him to the custody of the federal Bureau of Prisons for 60 months with an additional two years of supervised release. Mr. Waggoner was also fined \$100,000 and required to forfeit \$200,000 to the United States. *Id.*

Twelve days later, the Attorney General of the State of Mississippi filed a civil action against Global Tel*Link, Christopher B. Epps and Sam Waggoner, et al.³ According to the complaint, "this action arises from one of the largest and longest running criminal and civil conspiracies in

¹ Human Rights Defense Center, Comments filed on WC Docket 12-375, filed October 5, 2015 and February 21, 2017.

² *United States of America v. Sam Waggoner*, U.S.D.C. (S.D. Mississippi, Northern Division), Case No. 3:15-cr-00069-HTW-FKB.

³ *Jim Hood, Attorney General of the State of Mississippi, ex rel. The State of Mississippi v. Global Tel*Link Corporation, et al.*, Circuit Court of Rankin County, MS, Civil Action No. 17-27.

Mississippi government history,” and multiple individuals and business entities were involved in a conspiracy that included “bribery, kickbacks, misrepresentation, fraud, concealment, money laundering and other wrongful conduct.” *Id.* at 1. (**Attachment 1**)

Attorney General Hood further alleges on behalf of the state that GTL “paid hundreds of thousands of dollars in so-called ‘consulting fees’ to Defendant Sam Waggoner and through Waggoner these fees were used to pay bribes and kickbacks to then-MDOC Commissioner Charles B. Epps,” adding that Epps “awarded, directed, and/or extended public contracts” to GTL because of the bribes and kickbacks. *Id.* at 2.

The facts outlined in the complaint state that “GTL paid Waggoner \$309,582 in so-called ‘consulting fees’” and that “Waggoner then paid a portion of those fees as bribes and kickbacks to Epps, in exchange for MDOC awarding approximately \$6,000,000 in public contracts to GTL.” *Id.* at 4-5. The complaint alleges that Epps received approximately \$108,000 of the fees GTL paid to Waggoner, and that “At all relevant times, Defendant Sam Waggoner was acting in the course and scope of his employment and/or in furtherance of the interest of GTL,” and GTL “knew, or should have known, that the ‘consulting fees’ it was paying Defendant Waggoner were being used to pay bribes and kickbacks to assure that Defendant Epps would award and/or extend public contracts” to GTL. *Id.* at 5-6. In addition to the illegal, criminal bribes and kickbacks alleged in the complaint, GTL paid MDOC additional legal commission kickbacks totaling \$1.65 million in 2012.

Every penny of these kickbacks, bribes and corrupt fees came from the pocketbooks of prisoners and their family members, among the poorest people in America and even moreso in the case of Mississippi, which is one of the poorest states in the country in terms of per capita income.

Numerous filings on this Docket document the lack of transparency and accountability in the ICS industry – there is basically none. HRDC has long lobbied the Commission for regulations requiring providers to post ICS contracts on their websites to disclose rate, fee and kickback data. Not only do the ICS providers not make this information available, they actively resist legitimate public records requests for documents. In fact, after the MDOC and GTL refused to produce ICS contracts and related records in response to our public records request under the guise of a protective order, HRDC was forced to file a lawsuit in order to obtain those records.⁴ The case (defended against by the Mississippi Attorney General’s Office) settled in May 2009 and the records were finally produced. While there are many good reasons to support public records laws, perhaps the most critical function they provide is to ensure some level of transparency as a lack of transparency fosters corruption.

Attorney General Hood describes the bribery scheme in detail in the attached complaint, which speaks for itself, and we invite the Commission to review the document in its entirety. Claims raised in the complaint include violations of the Mississippi Antitrust Act and Racketeer Influenced and Corrupt Organization (RICO) Act, as well as Mississippi contract bidding requirements.

⁴ *Prison Legal News v. Mississippi Department of Corrections and Global Tel*Link Corporation*, Hinds County, Mississippi, Civil Action No. G2009-391 T/1.

This case is typical of prison corruption cases in that the corruption is rarely if ever detected by audits, contract reviews or any other purported “checks and balances” systems. The FCC should develop stringent requirements for transparency within the ICS industry to detect and deter corruption of this nature, so as to prevent future occurrences as well as attempt to ascertain how widespread corruption is within the existing ICS industry as a whole. We can note that despite the Attorney General’s RICO suit, GTL retains the ICS contract for the Mississippi DOC and continues to rake in money off the backs of prisoners and their families in that state even when it is apparent that GTL used criminal bribery, in addition to the legal commission kickbacks to the state itself, to obtain the prison phone contract in question.

We continue to call on the Commission to use its subpoena power to further investigate the practice of ICS providers hiring “consultants” to lobby correctional agencies for monopoly contracts in light of not only the Waggoner prosecution but this new case brought against GTL, Mr. Epps and Mr. Waggoner by the State of Mississippi. As things stand now, no one outside the ICS industry really knows what their “cost of doing business” actually is. The only thing we do know is that it is being paid for by prisoners and their families through inflated phone rates and fees, not by the companies, their investors or the government agencies that grant them the monopoly contracts to exploit the prisoners in their custody.

At a minimum, we restate our October 2015 and February 2017 requests that the FCC require ICS providers to identify all of their paid consultants as well as their compensation structure. We also reiterate our request that ICS providers be required to post all of their facility contracts, the rates and fees charged, and the payments they make to secure those monopoly contracts – including commission kickbacks, payments to consultants, campaign donations, etc., on their websites where they are publicly available. The Commission should not exempt ICS providers from having to disclose their criminal bribes, as was exposed in the case of Mr. Waggoner and alleged in the recent civil action filed against GTL.

Thank you for your time and attention to this matter.

Sincerely,



Paul Wright
Executive Director, HRDC