



# Human Rights Defense Center

DEDICATED TO PROTECTING HUMAN RIGHTS

January 19, 2016

Submitted Online Only

The Honorable Tom Wheeler, Chairman  
Federal Communications Commission  
445 12<sup>th</sup> St. S.W.  
Washington, DC 20554

**Re: Comment in Response to Third Further Notice of Proposed Rulemaking,  
WC Docket 12-375**

Dear Chairman Wheeler:

The Human Rights Defense Center (HRDC) is pleased to submit this comment concerning the Federal Communications Commission's (FCC or the Commission) Third Further Notice of Proposed Rulemaking on WC Docket No. 12-375, with respect to Inmate Calling Services (ICS).

“A dollar a minute strikes me as a fair price” . . . “I guess it depends what viewpoint you’re coming from. The way I look at it, we’ve got a captive audience. If they don’t like [the rates], I guess they should not have got in trouble to begin with.”<sup>1</sup>

– Tom Maziarz, Manager, St. Clair County,  
Illinois Purchasing Dept., on video visitation

## **A. Promoting Competition**

The key to promoting competition is allowing consumers, the people who actually pay the bills, to choose the carrier and company that is best suited to their needs and budgets. That is the only way to inject competition into the government-created and sustained monopoly ICS market that currently exists. Security concerns by the beneficiaries of the current system are a red herring, as demonstrated by the State of Iowa, which contracts out the security functions of its ICS and pockets all the resulting phone revenue itself. There is no reason why the government cannot

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<sup>1</sup> [http://www.stltoday.com/news/local/crime-and-courts/video-visits-at-st-clair-county-jail-get-mixed-reviews/article\\_b46594b0-9f01-5987-abf0-83152f76c9dd.html](http://www.stltoday.com/news/local/crime-and-courts/video-visits-at-st-clair-county-jail-get-mixed-reviews/article_b46594b0-9f01-5987-abf0-83152f76c9dd.html) [Attachment 1].

provide ICS itself without a company middleman in the mix – a middleman whose only purpose is to extract money from prisoners and their families to pad the coffers of their hedge fund owners in the case of Global Tel\*Link and Securus. Given the latest rate caps imposed by the Commission, state Departments of Correction may eventually realize that they can dispense with ICS providers and supply their own in-house telephone services, keeping all of the revenue generated or, like the Iowa DOC, only contract for certain aspects of ICS.

In a 2013 filing on this Docket regarding commissions and the lack of a competitive ICS market, Verizon and Verizon Wireless suggested that allowing multiple ICS providers “could promote competition among ICS providers,” adding, “If the benefits of competition were extended to the actual users of the service, inmates could select the provider with the lowest rates and therefore engage in more frequent or lengthy communication with their families.” [Attachment 2]. While also citing the need to recognize efficiencies from exclusive contracts, Verizon notes that “While the Commission has previously acknowledged that these considerations may justify exclusive contracts for ICS services, that analysis may be outdated in light of technological advances.” *Id.* at 7. Submitted almost three years ago, Verizon’s assessment that advanced technologies offer efficient ways in which ICS services can be provided, including the security measures that are needed, is even more true today.

The Inmate Calling Services industry is an oligopoly controlled by a small number of service providers; Global Tel\*Link (GTL), Securus and Telmate are the three primary ICS providers, representing 85% of industry revenue in 2013.<sup>2</sup> This structure results in monopoly contracts granted by the government agencies that run detention facilities to the service provider willing to pay them the largest site commission, which in reality is nothing more than a legal kickback. While we will let the ICS providers and sheriffs argue among themselves about who is at fault for the kickbacks and the unfair, unjust and unreasonable ICS rates that have resulted, there is no argument that kickbacks artificially inflate the ICS rates that prisoners and their families must pay to remain in contact during critical times of incarceration.<sup>3</sup> There is also no argument that this is a recent creation and that prior to the late 1980s most prisoners enjoyed telephone access at very low rates. Only after Evercom introduced kickbacks to government entities in exchange for monopoly contracts did the cost of prison and jail phone calls explode to the obscene levels experienced by prisoners and their families in recent times. No one else in America pays so much for so little when it comes to telephone service. We can note these concerns would not be before the Commission if this was a case of the government contracting for services it was paying for. Instead, they contract for services at the highest price to the consumer when it is the consumer paying the bill and the agency that gets a kickback from the revenue generated.

The lack of transparency inherent in the ICS industry has hampered the ability of both the Commission and advocates alike to address what their costs and profits actually are. We urge the FCC to use its subpoena power to directly review financial documents from all ICS providers and not rely on their self-serving, self-funded reports.

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<sup>2</sup> See Joint Provider Proposal, WC Docket No. 12-375, September 15, 2014 at 1.

<sup>3</sup> “We reiterate, however, that site commissions have been a significant driver of rates.” See *Third FNPRM*, adopted October 22, 2015, at ¶118, fn 375.

Nowhere is this better illustrated than the cost study that Securus submitted to the FCC in this Docket, purporting to show its cost of providing ICS, compared with the firm's prospectus<sup>4</sup> that it provides to potential investors – which shows massive profits made on the backs of the poor people forced to use their services. It cannot be both. They are either lying to the Commission or lying to their investors, but in either case it is the public and consumers who are victimized by this chicanery and gaming of the system. For the public to have trust in our governmental institutions there must be transparency and openness, which is sadly lacking in the ICS market. Rather than rely on the ICS industry to submit self-serving reports on their purported costs and profit margins, the FCC should exercise its subpoena power, obtain the raw financial data and analyze it itself as it does in other areas of telecom regulation.

The legal kickbacks paid by ICS providers to detention facilities are well documented and require no further elaboration. What is still largely unknown is the level of illegal and criminal bribery used to secure detention facility ICS contracts. Recently Mississippi state prison boss Christopher Epps was convicted of taking bribes from numerous prison vendors, including from Global Tel\*Link consultant Sam Waggoner. The profits of the ICS industry are so vast they can afford kickbacks to the government as well as to the individuals who lobby for the contracts, with no oversight. It is unknown at this time what criminal bribery the ICS industry engages in to obtain these lucrative contracts.<sup>5</sup> The ICS industry is the most glaring example of the axiom that absolute power corrupts absolutely.

As noted by the Commission, HRDC maintains that a competitive and free market will only prevail in the ICS industry when consumers are afforded the choice to select the ICS provider that offers the best service at the lowest price.<sup>6</sup> The monopoly contract holders that oppose this idea state that investigators would be conducting duplicative search procedures and that there would be a need to install and maintain separate telephone systems.<sup>7</sup>

While we question whether these burdens, if true, should be placed on the backs of prisoners' families instead of the entities profiting from ICS calls, HRDC encourages the Commission to require extensive comment from ICS providers with respect to the ways advanced technologies can be used to overcome obstacles that may have existed previously. If the technology exists, and it does – as Securus-owned JPay tablets that allow for email are “currently in the hands of over 60,000 inmates” [**Attachment 3, at pg.1**], and such wi-fi based tablets for prisoners still have security features intact – then we are hard-pressed to believe that technologies do not exist that would allow ICS providers to effectively deal with multiple carriers in correctional facilities. Moreover, prison and jails provided secure telephone services 30 years ago at a fraction of the cost with technology that is today obsolete and much cheaper. If the FCC could lower the cost of consumer telephone calls by breaking up the AT&T monopoly, then it can certainly do the same with the ICS oligopoly.

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<sup>4</sup> See Attachment 5, referenced *infra*.

<sup>5</sup> See HRDC's comment submitted on this Docket on October 4, 2015.

<sup>6</sup> See *Third FNPRM*, adopted October 22, 2015, at ¶293.

<sup>7</sup> *Id.*

Finally, HRDC believes that the Commission **should** first adopt rate and ancillary service charge reform and then take the steps required to address the issue of intra-facility competition. ICS providers have been allowed to prey on the families of prisoners for decades through egregious rates and ancillary fees designed to do nothing more than generate profit for predatory hedge fund-owned corporations and the government. This unfair marketplace evolved over time and prisoners and their families will benefit most both economically and emotionally if it is regulated over time, with the **immediate** adoption of rate and ancillary service charge reform.

Commissioner Mignon Clyburn stated, “for too long we remained idle as families, friends, clergy, attorneys and coalitions pleaded for relief.”<sup>8</sup> She is correct and we respectfully request that the Commission take immediate action with respect to the adoption of rates and ancillary service charge reform.

## **B. Video Calling and other Advanced Inmate Communications Services**

Video calling, including video visitation, has increased since the Commission adopted the *2013 Order*<sup>9</sup> and the Commission has good reason to be concerned “that rates for video calling and video visitation services that do not meet the definition of ICS could be used as a way to allow ICS providers to recover decreased rates as a result of the reform adopted herein.”<sup>10</sup> We need look no further than daily news reports to tell us this. A December 30, 2015 article reporting that West Virginia will comply with the FCC ruling regarding prison telephone rates quotes Lawrence Messina, a spokesman for the agency that oversees the state’s regional jails, as saying “RJA is exploring other revenue options to offset any effects of the FCC ruling.” The next and final sentence of the article reads: “One such option is installing video kiosks in the state’s correctional facilities that offer fee-based services, Messina said.” [Attachment 4].

In a 2015 investor prospectus, Securus boasts that it is expanding into unregulated areas of prison and jail communications in order to increase its profits. [Attachment 5]. A key form that this monetization has taken for Securus and other ICS providers is charging to provide services (visitation, money transfers to prisoners, etc.) previously provided at no cost by the government. Like kidnappers and extortionists in other contexts, the ICS industry and its government partners have discovered that people will pay money to communicate with and send money to their loved ones who are imprisoned against their will. Charging for services previously provided at no cost to the public is not a technological innovation. It is merely a new form of economic exploitation.

HRDC advocates for video visitation as an **affordable option** to in-person visitation, but it must be exactly that. Under no circumstances should in-person visitation be eliminated and replaced with video visitation, and prisoners’ families should not be price gouged for video visitation services as they have been with prison phone calls. Video visitation should be provided at no cost to prisoners and their families. Rather than issue revenue-generating contracts where the

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<sup>8</sup> Statement of Commissioner Mignon Re: *Rates for Interstate Inmate Calling Services*, WC Docket No. 12-375 (October 22, 2015).

<sup>9</sup> See *Third FNPRM*, adopted October 22, 2015, at ¶296.

<sup>10</sup> *Id.*

government agency seeks to monetize human contact, government agencies can and should issue procurement contracts where they purchase the service to provide to prisoners and their families as part of their agency budgets. Currently people around the world use Skype and other video platforms at no or low cost – including, it is critical to note, prisoners in other countries that are not serviced by an exploitive ICS industry, such as the United Kingdom, India and even the Philippines. We should note that historically, American prisoners and their families have never paid for visitation. It has always been provided as a government service, and the ICS industry and its government collaborators are simply seeking to monetize human contact under the guise of “technological innovation.” The only innovation is charging poor people for a government service previously provided by and paid for through public agency budgets.

While the dataset for this newer technology is still being developed, what is clear is that the video visitation business model mirrors the prison telephone business model: monopoly contracts are granted to ICS providers that reward the government agency with a kickback. We are seeing the same arbitrary rates and fees being charged to prisoners’ families for video visitation that we did for prison phone calls, including rates of up to \$1.00/min. for video visits in some cases.

The Securus website (<https://securustech.net/facilities-and-pricing>) was utilized on January 6, 2016 to obtain the data used in the following table for comparison:

#### Video Visitation

Facility	Size	Duration of Video Visit	Cost
Knox Co. Jail, IL	120	20 Minutes	\$6.99
Pottawattamie Co. Jail, IA	288	30 Minutes	\$5.00
Porter Co. Sheriff’s Dept., IN	449	20 Minutes	\$7.99
Lake Co., IL	740	30 Minutes	\$5.00
King Co. RJC, WA	783	20 Minutes	\$5.00

A report prepared by Grassroots Leadership in Austin, Texas and the Texas Criminal Justice Coalition in October 2014 provides further detail about the trend to increase video visitation primarily in jails across the country: *Video Visitation: How Private Companies Push for Visits by Video and Families Pay the Price*. [Attachment 6]. Further, the Prison Policy Initiative (PPI) has done extensive research with respect to video visitation, and in January 2015 reported that more than 500 facilities in 43 states and the District of Columbia are experimenting with video visits. See: *Screening Out Family Time: The for-profit video visitation industry in prisons and jails*.<sup>11</sup>

<sup>11</sup> [http://static.prisonpolicy.org/visitation/ScreeningOutFamilyTime\\_January2015.pdf](http://static.prisonpolicy.org/visitation/ScreeningOutFamilyTime_January2015.pdf).

The Grassroots Leadership report notes that the American Bar Association (ABA) standards are clear that video visits should not be a replacement for in-person contact, and that video visitation systems that had been started in 18 of the 50 state prison systems were “supplemental to in-person visits.” Attachment 6, at 3. The authors of the report considered it “curious” that county jails with populations largely comprised of non-convicted individuals would be so quick to cite security concerns as the justification for eliminating in-person visits while state prison systems, which only hold convicted felons serving prison sentences, do not. *Id.*

And are the security concerns cited by the jails legitimate? Clearly they weren’t at the Travis County Jail in Texas. The Travis County Jail went to video-only visitation in May 2013 after “jail administrators promised that eliminating in-person visits would increase jail security and reduce contraband and free up guards for other duties.” *Id.* at 4. As noted in the Grassroots Leadership/Texas Criminal Justice Coalition report, disciplinary infractions increased from approximately 820 in May 2012 to 1,160 in April 2014. Disciplinary cases for possession of contraband increased an overall 54% from May 2013 through May 2014, and prisoner-on-prisoner assaults increased 20% between May 2012 and May 2014. Prisoner-on-staff assaults **doubled** after the elimination of in-person visits. *Id.*

In October 2015 the Travis County Commissioners approved a \$707,000 measure to reinstate in-person visitation at the Travis County Jail. [Attachment 7].

Further, a March 2015 article cited PPI’s work, noting that “74 percent of county jails that added video visitation also ended traditional visitation.” [Attachment 8]. The article also referenced a 2008 study published in the *Journal of Research in Crime and Delinquency* that concluded “visitation and more frequent visitation were both associated with a lower likelihood of recidivism.” *Id.*

Securus CEO Richard Smith notes that the elimination of face-to-face visits is “a negotiation point for sure,” adding that “If they’re willing to do less face-to-face because of their needs, I probably benefit because there’s going to be more remote video visitation.” *Id.* It is well-documented on this Docket that a jail’s primary “need” is the highest kickback possible, and under the perverse business model that exists in the ICS and video visitation industry, there can be no other result than further elimination of in-person visits for no reason other than profit.

The U.S. Department of Justice’s National Institute of Corrections states in a report published in December 2014 that “Video visiting cannot replicate in-person visiting,” and that “It is unknown how effectively [video-based] relationships are established and maintained as compared to in-person visiting.”<sup>12</sup>

The digital divide is also a critical consideration that must be addressed in any discussion of video visitation. As noted in the Grassroots Leadership/Texas Criminal Justice Coalition report, computer literacy and the demographics of those in American prisons and jails – “poor, mostly

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<sup>12</sup> U.S. Department of Justice, National Institute of Corrections, Video Visiting in Corrections: Benefits, Limitations and Implementation Considerations, at 21; available at: <http://nicic.gov/library/029609>.

minority, a significant portion of whom speak Spanish as a first language” – affects this population’s ability to use video visitation technology in a meaningful way.<sup>13</sup>

Computer literacy, especially for elderly family members, must be addressed in addition to the economic challenges faced by the families of those who are incarcerated. The Commission published the following facts in its June 18, 2015 press release, “FCC Takes Steps to Modernize and Reform Lifeline for Broadband”:<sup>14</sup>

- While over 95% of households with incomes of \$150,000 or more have access, only 48% of those making less than \$25,000 have service at home.
- Low-income consumers disproportionately use smart phones for Internet access – but nearly 50% of them have had to cancel or suspend smartphone service due to financial hardship.

Many prisoners’ families fit into these demographics; video-only visitation and/or excessive rates and fees will do nothing more than further isolate prisoners from their families, the same way exorbitant prison and jail phone costs have done for decades.

Prisoners in the U.K. are able to make video calls to their families **at no cost to them** utilizing Skype [**Attachment 9**], as are prisoners in the Philippines, where the Solicitor General donated the computers and the jail administration “pledged to shoulder the 20-dollar monthly WiFi connection fee.” [**Attachment 10**]. Both countries utilize Skype and computers with webcams; calls are monitored by jail and prison staff. Additionally, prisoners in India are provided with access to video visits at low cost, at the Tihar Jail.<sup>15</sup>

Skype is free, and video visitation in the United States should also be free with no additional ancillary fees or charges. This is not a fanciful idea. Beyond free video visitation at prisons and jails in other countries, prisoners at the Mike Durfee State Prison in Springfield, South Dakota are taking part in a pilot program that allows them to have free video visits with approved family members and friends through Skype. Computers with webcams, audio speakers and headphones are available inside the facility, and a staff member monitors the video visits. “Visits are limited to 15 minutes in length and are held on weekdays between 8:25 a.m. and 3:15 p.m. and on Wednesday evenings from 5:00 p.m. to 9:00 p.m.” Video visits must be scheduled one week in advance; family members and friends on an approved visit list must call in to set up a video visit for the following week. Prisoners are limited to two video visits per calendar month.<sup>16</sup>

The FCC lacks the ability and the authority to order detention facilities to provide in-person visits, just as it cannot order them to provide video visitation or not. However, the Commission can prohibit ICS providers from requiring detention facilities to end in-person visitation as a

<sup>13</sup> See Attachment 6.

<sup>14</sup> [https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-333992A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-333992A1.pdf).

<sup>15</sup> <http://www.deccanherald.com/content/516391/tihar-make-virtual-visit-reality.html> and <http://www.dw.com/en/south-asias-largest-jail-indias-tihar-prison-to-begin-e-visits/a-18833629>.

<sup>16</sup> <https://doc.sd.gov/adult/facilities/mdsp>.

condition when video visits are implemented. The Commission has the ability and the authority to prevent prison and jail video visitation from becoming the next form of consumer exploitation by the ICS industry. So long as ICS providers and their government partners can profit from visitation, they will have every incentive to eliminate in-person visits and replace them with costly low-quality video visitation. Video visits can and should be provided at no cost to the consumer and should not be a revenue-generating service for detention facilities.

### C. Recurring Data Collection

ICS providers should be required to submit cost data in annual Mandatory Data Collections for a minimum of five years. The FCC should use its subpoena power to obtain this information and also require that the submissions be made under penalty of perjury by the relevant officers of the companies. At that time it should be clear whether the Commission's reforms have created and maintained the proper incentives to drive ICS rates to competitive levels, and a determination could be made as to whether there is a need to continue Mandatory Data Collections. We need look no further than the Joint Provider Proposal filed by the three largest ICS providers to see why such data collection is necessary.<sup>17</sup> The proposal strongly advocated for a unified rate of \$0.20/min. for all debit/prepaid interstate and intrastate calls, and \$0.24/min. for all collect interstate and intrastate calls. But as it turned out, once the cost data submitted through the one-time Mandatory Data Collection was analyzed, the Commission was able to establish rate caps for debit/prepaid calls well below the rates proposed by the ICS providers, with collect calling rates at jails being initially higher before they phase down to the rate caps.

HRDC has provided extensive detail on this Docket about state prisons with ICS rates under \$0.11/min., including New York, West Virginia, New Jersey, New Mexico, New Hampshire, Rhode Island, Ohio, Pennsylvania, South Carolina and Nebraska. Our most recent docket filing on December 31, 2015<sup>18</sup> reported that Virginia not only reduced its ICS rate to \$0.0409/min., but did so effective December 1, 2015 – after the Commission's *Order* capping rates at \$0.11/min. was adopted and during the same period of time that GTL, the Virginia DOC's ICS provider, was telling the FCC that the rate caps don't cover the cost of providing ICS.

Requiring Mandatory Data Collections for a five-year period should allow most ICS contracts to roll over during that time frame; much will be learned from this data, particularly since most ICS providers have demonstrated they will not provide such information voluntarily.

### D. Contract Filing Requirement

As noted by the Commission in ¶311 of the *Third FNPRM*, HRDC has noted and documented “almost a total lack of transparency on behalf of both ICS providers and the government agencies from which they secure their monopoly contracts,” and Mr. Baker of the Alabama PSC asserts that the lack of transparency in the ICS industry is “problematic.”

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<sup>17</sup> See Joint Provider Proposal, WC Docket No. 12-375, September 15, 2014.

<sup>18</sup> See Human Rights Defense Center Comment, WC Docket No. 12-375, December 31, 2015.

The lack of transparency is how the ICS industry was able to develop predatory practices and take advantage of some of this country's poorest citizens for decades – because they were under no requirement to disclose what they were doing. It was only after HRDC began collecting ICS data through state public records requests (sometimes having to sue to get the data) on a national basis in 2009 that the Campaign for Prison Phone Justice and other interested organizations and individuals could take the first informed steps towards advocacy for prisoners and their families. HRDC continues to advocate that ICS providers be required to post their contracts with detention facilities on their websites and to make them publicly available. Each ICS provider should be required to publicly post the contract for each facility it services, the cost of the calls and the amount of the kickback it gives the facility, as well as any in-kind payments such as campaign donations, equipment, etc. HRDC and other advocates are acutely aware of the gaps in the data, especially when it comes to jails – such data gaps are exploited by the ICS industry and jails to argue for higher caps. HRDC has had to file two public records suits to obtain basic ICS contract information, and currently GTL has filed a court appeal to prevent the Pennsylvania Department of Corrections from disclosing the details of its ICS contract. The burden on ICS providers to post these documents on their websites is minimal and the benefits to the public are enormous.

### E. International Calling Rates

As the record reflects, it is critical for immigrant detainees to stay in touch with their support networks outside the U.S. to help them gather substantial records and information required to present their case in deportation hearings. This segment of the prisoner population is particularly vulnerable to exorbitant phone rates. Immigrant detainees held by ICE pay “a uniform rate of 15 cents per minute for international calls to landlines and 35 cents per minute for international calls to mobile phones” with “no additional connection fees or ancillary charges,” based on data provided at the 2014 FCC Workshop.<sup>19</sup>

This data is telling for two reasons:

1. It informs us that companies can provide international ICS with phone rates that are both significantly more reasonable than most intrastate domestic calls provided by ICS providers, **and** connection and ancillary fees are not required; and
2. It begs the question of why there is such a dramatic rate difference between calls made to landlines and mobile numbers – does the cost data support an increased rate of more than 130% to connect to an international mobile number?

HRDC calls for a two-pronged approach to ICS international calls:

1. After the Commission has reviewed sufficient cost data for international calls, it should set rate caps for such calls that are fair, just and reasonable, as it did with domestic ICS rates; and
2. As an interim measure, the rates for international calls should be set at the current rates charged by the ICS provider for ICE facilities, with no ancillary fees or charges.

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<sup>19</sup> See *Third FNPRM*, adopted October 22, 2015, at ¶321.

## F. Third-party Financial Transaction Fees

HRDC fully supports the Commission's ruling not to allow any additional fees or markup that the ICS provider might impose on the end user, and to require ICS providers to pass third-party transaction fees to end users with no additional markup.<sup>20</sup> Additionally, we urge the FCC to closely examine the data contained in PPI's January 19, 2015 submission, titled "Comment Re: Second Report and Order and Third Further Notice of Proposed Rulemaking ¶¶ 324-326 – the new regulations leave a loophole for unjust profit-sharing via Western Union and MoneyGram," with respect to the loophole created by the Commission's definition of "Third-party Financial Transaction Fees" as fees that are paid by "Providers of Inmate Calling Services" – since such fees are in fact paid by ICS consumers.

Further, key evidence provided by PPI in their report strongly suggests the possibility of gaming by GTL and Securus. At \$10.95 and \$10.99 per third-party financial transaction, respectively, these two ICS providers should be required to explain why the fees consumers must pay to send money to prisoners through Western Union are higher than those charged for consumers to send funds through other ICS providers. Presumably, the two largest ICS providers process more transactions through Western Union and other third-party services. Assuming efficiencies in their businesses through economies of scale, commission kickbacks to GTL and Securus may be the reason these third-party transaction fees are so high – as kickbacks make all rates and fees artificially higher, whether being paid to a sheriff, ICS provider or other entity.

## Conclusion

We are watching history repeat itself. As noted in this comment, other filings on the docket and news media reports, ICS providers and government agencies are clearly applying the same decades-old prison phone industry business model to video visitation, and are attempting to take us all down the same path – which leads to egregious price gouging of prisoners' families so the telecoms can create excessive profits and correctional facilities can be subsidized by some of our nation's poorest citizens.

HRDC calls on the Commission to implement the same comprehensive reforms for prison video visitation services as it has for the prison phone industry. Video visitation should be provided at no cost with no ancillary fees, considering it is a service that is free to non-incarcerated persons. In-person visitation should **not** be eliminated to increase the volume of video visits; prisoners being allowed to visit and see their families during times of incarceration is just as important as being able to talk with them on the phone.

Transparency is a critical part of comprehensive reform. We've seen what happened after ICS providers and correctional facilities created their perverse business model and tried to hide it, and they will do the same with video visitation. The FCC should utilize its subpoena power to

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<sup>20</sup> *Id.* at ¶324. Note that HRDC opposes the imposition of all ancillary ICS fees, including third-party fees.

uncover the true costs of all ICS services. The disparity in the form and details of the cost data produced by ICS providers through the Mandatory Data Collection should be reason enough to justify why this measure is required.

ICS providers, particularly GTL and Securus, have clearly been upset by the *Order* adopted by the Commission on October 22, 2015, and by what they claim is adverse public reaction to the disclosure of their exploitive business practices. Notably the ICS providers are not upset about their egregious business model, just the fact that people found out about it and are outraged. The public reaction should be adverse – in a major way. That the ICS business model was allowed to even exist let alone require some of our poorest citizens to pay such exorbitantly unjust, unfair and unreasonable phone rates for so long is exactly the reason the practices of the ICS industry must be fully transparent. History has shown what this industry and its government allies will do to citizens and consumers behind closed doors.

Comprehensive regulation for video visitation and other advanced communication technologies in detention facilities is needed now. Prisoners and their families, especially those with children, should not be required to suffer for decades while privately-held companies and correctional facilities use them to generate profit, as was the case with ICS. The Commission has the power and the responsibility to mandate fair, just and reasonable business practices for all aspects of the prisoner communication industry, and we urge the immediate implementation of such reforms.

Thank you for your time and attention to this matter. I and other HRDC staff are always available to provide additional information or details to the Commission and its staff.

Respectfully submitted,



Paul Wright  
Executive Director, HRDC

Attachments

# **Attachment 1**

2015 PULITZER PRIZE WINNER

Home / News / Local / Law & Order

# Video visits at St. Clair County Jail get mixed reviews



Sherry McCullough, (left) of Belleville chats with her incarcerated son via a video monitor at the St. Clair County Jail in Belleville on Wednesday, Feb. 19, 2014. Her mother, Joan McCullough, is at right. Photo by Christian Gooden, cgooden@post-dispatch.com

February 20, 2014 2:00 am • By Paul Hampel

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### Jefferson County Jail chooses video visits over face time



Friends and relatives no longer may see inmates in person but can pay to

schedule unlimited remote video sessions online. [Read more](#)

### 'Prison Skype' squeezes out in-person visits, soaking inmate families



A recent review found that video visitation has led to the elimination of

face-to-face visits in nine out of 10 cases. [Read more](#)

### Inmates at St. Clair County jail file federal lawsuit over strip searches



A judge tossed out a similar suit last week. [Read more](#)

### Washington Park police officer accused of smuggling drugs to

**BELLEVILLE** • When Sherry McCullough goes to the St. Clair County Jail to visit her son, she catches glimpses of his cellmates — sometimes more of the cellmates than she cares to see.

The problem, McCullough said, is that a video visitation system installed in December requires her to sit in one room as her son sits in a crowded jail pod in another section.

"I hate not being able to see him face-to-face when I come to the jail," McCullough, 42, said Wednesday as she waited with her mother for her son's image to appear on one of a dozen monitors in the visiting room.

"I want to get a good look at him, to tell him to stand up and turn around so I can see that he's getting enough to eat and that he hasn't been hurt.

"Instead, I have to see his cellmates marching around behind him in their underwear."

But McCullough appreciated the new system in December when, for an introductory price, she could see and speak with him from the comfort of her home, over the Internet.

The special price has since expired, and McCullough said she

## jail inmate



Authorities say officer had brought drugs to inmate since 2011. [Read more](#)

could no longer afford the home option.

Her reactions are typical of mixed reviews of the jail's video system.

St. Clair County officials say it is a marked improvement for the public and the jail staff.

"People who live two states away are now able to visit inmates every day, if they want to," Sheriff Rick Watson said.

"And from the standpoint of safety and security, it's a huge improvement. Every pod has a video monitor and the prisoners don't have to be moved for visits, which saves on staff time. And if you cut down on movement of prisoners, you cut down on dangerous incidents."

Attorney Tom Gabel, with the federal public defender's office, said video from home was a good option. "If you can't make it to the jail for whatever reason — that's the good part of this system," he said in a recent interview.

But he decried the jail policy that restricts most on-site visits to the video system, too.

"My clients hate it," Gabel said. "They want to actually see people who come to visit them, not look at them on a computer screen from a crowded pod where other prisoners can gawk from behind and hear what they're saying.

"It's just one more thing prisoners find impersonal at the jail."

And some nonprofit prisoner advocacy groups are blasting the video fees, which include a commission for the jail.

The area's largest jails, in St. Louis and St. Louis County, are not using a video system, but officials said they were

considering it. Officials in Jefferson and St. Charles counties say they want to install one as soon as possible.

While Missouri prisons have no plans to use video, the entire Illinois state prison system will begin offering it from various satellite locations in June. Eventually, the state may accommodate home connections as well.

Securus Technologies Inc., based in Dallas, installed the St. Clair County Jail system at a cost to the company of about \$332,000. In addition to the visitor monitors, there are 24 video screens installed in pods for the 540 prisoners currently incarcerated at the jail.

Fees for off-site visits, in which people can connect with prisoners remotely, will be \$20 for a 20-minute session, or \$40 for 40 minutes. There is no charge for a video visit at the jail.

Tom Maziarz, manager of the county's purchasing department, said the county would collect a 20 percent commission if it reached 729 paid visitors a month. In January, there were 388. After two years, the county gets the commission regardless.

Maziarz said the county's revenue would go toward defraying jail costs. "That means that the same (prisoners) who are stopping up toilets and tearing things up will be helping to pay for repairs when they use the new system," he said.

Last fall, the Federal Communications Commission banned commissions that private companies pay to prisons and jails on interstate phone calls. The FCC deemed as "exorbitant" rates as high as \$17 for a 15-minute phone call — an amount not much higher than the rate for video visitations at the St. Clair County Jail.

In response, the FCC capped the fees for interstate calls at 25 cents a minute for collect calls and 21 cents for prepaid debit calls.

Securus, which provides jail phone services at the St. Clair County Jail and elsewhere, challenged the FCC order in court. The company could not be reached for comment.

"The argument could be made that paying the high rate is still a good deal if it saves the expense and time of traveling a long distance to visit someone incarcerated in a prison," said John Maki, director

of the John Howard Association, a prisoner advocacy group.

"But the population for jails is almost always local, and there's no excuse for such high fees.

"The bottom line is that prison visits are a basic right that need to be disconnected from a profit motive, both for private companies and the jails," Maki said.

Maziarz, with the county's purchasing department, defended the rates.

"A dollar a minute strikes me as a fair price,"

Maziarz said, adding, "I guess it depends what viewpoint you're coming from. The way I look at it, we've got a captive audience. If they don't like (the rates), I guess they should not have got in trouble to begin with."

Tom Shaer, spokesman for the Illinois Department of Corrections, said contractual details, such as visit costs and commissions, had not yet been worked out with the state's provider, Globel Tel Link.

"Any money that comes to us will be applied to offset our costs," Shaer said. "There is no profit motive for us. But we have so many families wishing to do this we may need more staff hours to make the service available."

The state will offer one key option in its system: Visitors who travel to the prisons will still be allowed to meet with prisoners in person.

"I can't imagine the scenario in which someone would travel to a prison and then wish to communicate through a video screen rather than see a prisoner face-to-face," Shaer said. "All research shows in-person visits absolutely benefit the mental health of both parties; video can't match that."

Watson, the St. Clair County sheriff, said he had heard some complaints about use of video, but he asserts that prisoners and visitors are pleased overall and that "resistance to it is fading."

He added, "If someone really wants to visit face-to-face, we'd consider it on a case-by-case basis."

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**Tags** St. Clair County Jail, Video Visitation, Tom Gabel, Rick Watson, Tom Maziarz, Belleville, Illinois Prisons, Tom Shaer, St. Louis, Paul Hampel

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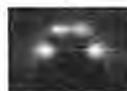
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Visitors to the St. Clair County Jail chat with inmates on Wednesday, Feb. 19, 2014. The jail is one of the first to use Internet video links to let relatives and friends visit with inmates from home for a fee or at the jail for free. Photo by Christian Gooden, cgooden@post-dispatch.com

# **Attachment 2**

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Rates for Interstate Inmate Calling Services	)	WC Docket No. 12-375
	)	
	)	
	)	

**COMMENTS OF VERIZON AND VERIZON WIRELESS<sup>1</sup>**

The record in this proceeding makes clear that high rates for inmate calling services (ICS) are a significant problem on which the Commission should focus. The record contains undisputed evidence that an inmate’s regular telephone and other communication with family aids in the inmate’s transition back into the community post-incarceration and thus lowers recidivism.<sup>2</sup> As a result, there is a compelling public interest in ensuring that call rates are reasonable in the unique ICS market. Because Verizon provided ICS until 2007 when it sold this business,<sup>3</sup> Verizon has a historical perspective on how this one-of-a-kind market functions and where there may be opportunities for meaningful Commission action. The Commission should concentrate on two issues identified in the *Notice* – i.e., site commissions and exclusive contracts – and take action consistent with its jurisdiction that will result in lower rates for ICS and thus facilitate more inmate-to-family communications.

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<sup>1</sup> In addition to Verizon Wireless, the Verizon companies participating in this filing are the regulated, wholly owned subsidiaries of Verizon Communications Inc. (collectively, “Verizon”).

<sup>2</sup> See *Rates for Interstate Inmate Calling Services*, Notice of Proposed Rulemaking, 27 FCC Rcd 16629, ¶ 4 (2012) (“*Notice*”).

<sup>3</sup> Verizon does not profit from high inmate call rates. For the convenience of our customers, Verizon will put charges on those customers’ bills for collect calls placed by inmates. This is a billing service – with the same fees – that Verizon provides to other telecommunications service providers, such as unaffiliated long distance companies.

## DISCUSSION

1. In almost every state, site commissions are a significant cause of the high calling rates that inmates and their families face. As the Commission has observed, ICS contracts between providers and public departments of corrections (DOCs) frequently require that ICS providers pay a commission to the DOC.<sup>4</sup> When Verizon provided ICS, site commissions paid to DOCs tended to range from 40-50% of amounts billed. Site commissions are therefore substantial costs imposed on ICS providers who then must recoup the costs through their calling rates. As a result, Commission action that addresses these site commissions could directly affect the rates for inmate calls.

Commission action may be appropriate here because the market for ICS does not function like most markets. Specifically, in Verizon's experience, when a DOC is seeking a provider of ICS services (typically through an RFP), there are multiple bidders, and nearly all of them can meet the service requirements articulated by the DOC. Accordingly, the competition for the contract tends to revolve around the commission percentage that the bidder is willing to pay the DOC. In other words, the calling rates that the bidders will charge the collect call recipients of the inmates<sup>5</sup> appear to be irrelevant to the process of selecting a provider; the bidder with the lowest calling rates is simply *not* more likely to win the contract. And since the contracts are exclusive contracts, the inmates' call recipients – usually the inmates' families who often are economically disadvantaged – have no choice but to fund the large commissions. This mismatch between the entity that selects the ICS provider and those who use and pay for the provider's calling services can result in distortions.

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<sup>4</sup> See Notice ¶ 37.

<sup>5</sup> Nearly all calls from inmates are “collect” calls paid for by the called party.

To be clear, Verizon is not suggesting that there is anything inherently wrong with commissions or that all commissions, regardless of size, should be eliminated. Verizon understands that DOCs may use commissions to fund beneficial inmate services that may not otherwise receive funding. But forcing inmates' families to fund these programs through their calling rates is not the answer. Because higher rates necessarily reduce inmates' telephone communications with their families and thus impede the well-recognized societal benefits resulting from such communications, other funding sources should be pursued.

The Commission should consider the most effective way, consistent with its jurisdiction,<sup>6</sup> to reduce commissions and ensure that any reductions do in fact lead to lower calling rates. One option could be for the Commission to take steps similar to those measures it recently adopted to combat access stimulation. In its *USF-ICC Transformation Order*, the Commission addressed schemes in which competitive LECs with high switched access rates share the access charge revenue they receive from IXCs or wireless carriers with another party, often a conference or chat line partner.<sup>7</sup> In these schemes, the LEC and the revenue-sharing party typically attempt to stimulate high call volumes by offering services that are "free" to the end-user.<sup>8</sup> Notably, the Commission did not ban revenue sharing agreements in its *USF-ICC Transformation Order*.<sup>9</sup> And the Commission acknowledged that in some instances "shared" access revenues were used for a beneficial purpose, such as broadband deployment.<sup>10</sup> Regardless, the Commission took decisive action against these schemes by requiring the LEC to file a revised tariff with access

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<sup>6</sup> Verizon takes no position regarding the Commission's authority in these Comments.

<sup>7</sup> See *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, ¶¶ 656-57 (2011) ("*USF-ICC Transformation Order*").

<sup>8</sup> *Id.* ¶ 656.

<sup>9</sup> See *id.* ¶ 672.

<sup>10</sup> *Id.* ¶ 666 ("[H]ow access revenues are used *is not relevant* . . .") (emphasis added).

rates benchmarked to the rates of the price-cap LEC with the *lowest rates in the state* if a revenue sharing arrangement existed and certain traffic criteria were met.<sup>11</sup>

A similar approach may be appropriate here. Site commissions paid by ICS providers to DOCs are one form of revenue sharing. Like the IXCs and wireless carriers that carry the traffic, inmates and their families have no choice but to submit to the high rates offered by a single provider.<sup>12</sup> Accordingly, rather than attempting to prohibit or otherwise limit commissions – some of which are mandated by state law<sup>13</sup> – the Commission could determine an appropriate benchmark or rate cap for interstate ICS rates in states where commissions (or commissions above a certain percentage) are paid. The rates for interstate ICS in states where commissions are prohibited, such as New York, may be instructive in setting such a benchmark. Such action would drive down the commission percentage that ICS providers are willing to bid for contracts or eliminate it altogether, thus substantially lowering the costs of providing service. The ICS rates themselves could become a determinative factor in the contract bids, which would lower the calling rates that inmates and their families face.

Additionally, the Commission could pursue a more flexible solution. For example, the Commission could convene discussions between DOCs, ICS providers, inmate advocates, and other stakeholders with the goal of agreeing on voluntary best practices or guidelines pertaining to commission levels and other terms in DOC contracts. The policies and contract terms of DOCs that have already eliminated or capped commissions could serve as a model for other DOCs. A similar collaborative process has proven effective in the cybersecurity context and

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<sup>11</sup> *Id.*

<sup>12</sup> Unlike other individuals outside of prison facilities, inmates do not typically have access to other forms of communication, such as email, Internet messaging, social media, and video calling.

<sup>13</sup> *See Notice* ¶ 38.

has been recommended with respect to rights-of-way fees charged by states or localities – fees that similarly include payments or commissions to the government based on a percentage of providers’ revenues and that can likewise impair competition.<sup>14</sup>

2. In addition to efforts to lower commission costs, the Commission should explore the competitive effects of the exclusive contracts between the DOCs and ICS providers. The Commission has long recognized that exclusive contracts can be pro-competitive and result in efficiencies that ultimately benefit consumers.<sup>15</sup> Providers compete for the contract and its associated exclusivity. In some scenarios, however, exclusive contracts can foreclose competitors and thus be anticompetitive.<sup>16</sup> When the competitive benefits are outweighed by the harms, the Commission has prohibited exclusivity clauses. The Commission should determine whether such action would be appropriate here.

Six years ago, the Commission concluded that exclusivity clauses in contracts between multiple dwelling unit (MDU) owners and video providers could not be enforced by video providers because the clauses denied tenants/residents their choice of video (and broadband) providers and foreclosed new entrants.<sup>17</sup> The Commission found that “the person signing an

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<sup>14</sup> See FCC News Release, *Advisory Committee Adopts Recommendations To Minimize Three Major Cyber Threats, Including an Anti-Bot Code of Conduct, IP Route Hijacking Industry Framework and Secure DNS Best Practices*, at <http://www.fcc.gov/document/csric-adopts-recs-minimize-three-major-cyber-threats> (Mar. 22, 2012); *Connecting America: The National Broadband Plan*, Recommendation 6.6, at <http://download.broadband.gov/plan/national-broadband-plan.pdf> (Mar. 17, 2010).

<sup>15</sup> See, e.g., *Exclusive Service Contracts for Provision of Video Services in Multiple Dwelling Units and Other Real Estate Developments*, Report and Order and Further Notice of Proposed Rulemaking, ¶ 26 & n.76 (2007) (“MDU Order”).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

exclusivity clause for a MDU may be a builder or manager whose interests do not coincide with those of the MDU's residents."<sup>18</sup>

The ICS context is similar. Here, the DOCs (the landlords in the MDU context) enter into the exclusive contracts that govern which provider of voice services that inmates (the tenants) must use. Neither landlords nor DOCs are the ultimate purchasers of service; thus, they have little incentive to negotiate favorable terms of service for their tenants/inmates (or their families) who will be responsible for paying the bills. Indeed, inmates are in an even worse position than MDU tenants; inmates obviously are in no position to move to another residence if they are unhappy with the selected service provider's service or rates. And unlike others, inmates typically do not have other communications options, such as email and social media.

Allowing multiple ICS providers to serve inmates at a DOC could promote competition among ICS providers. While providers do compete for DOC contracts, as discussed above, that competition is based on the site commission rates ICS providers are willing to pay. If the benefits of competition were extended to the actual users of the service, inmates could select the provider with the lowest rates and therefore engage in more frequent or lengthy communication with their families.

At the same time, it is important to recognize the efficiencies from exclusive contracts. For example, providers of ICS must provide substantial security measures to the DOCs relating to the equipment to place the calls and the calls themselves (e.g., blocking, recording, etc.), given the nature of inmate calling. Because these measures impose additional costs on providers and competing providers would have to duplicate those efforts (or participate in some administratively-complex and burdensome unbundling process), a single provider of ICS may be

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<sup>18</sup> *Id.* ¶ 28.

the most efficient outcome. Calling rates may not in fact decrease with multiple providers. While the Commission has previously acknowledged that these considerations may justify exclusive contracts for ICS services,<sup>19</sup> that analysis may be outdated in light of technological advances. As a result, the Commission should revisit its analysis. To the extent the Commission concludes that exclusive contracts are problematic and ICS providers cannot enforce exclusivity clauses, the Commission should then consider ways to encourage potentially reluctant DOCs to explore the use of multiple ICS providers.

### CONCLUSION

For the reasons discussed above, the Commission should address inmate call rates that are too high by focusing on site commissions and exclusivity. The goal of these efforts should be to reduce rates for inmates and their families, which serves the public interest.

Respectfully submitted,

By: /s/ Mark J. Montano

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Counsel for Verizon and Verizon Wireless

March 25, 2013

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<sup>19</sup> See *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, Order on Remand and Notice of Proposed Rulemaking, 17 FCC Rcd 3248 (2002); *Billed Party Preference for InterLATA 0+ Calls*, Second Report and Order and Order on Reconsideration, 13 FCC Rcd 6122 (1998).

## Your submission has been accepted

ECFS Filing Receipt - Confirmation number: 2013325678344	
<b>Proceeding</b>	
<b>Name</b>	<b>Subject</b>
12-375	Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 et al.
<b>Contact Info</b>	
<b>Name of Filer:</b> Verizon and Verizon Wireless	
<b>Attorney/Author Name:</b> Mark J. Montano	
<b>Address</b>	
<b>Address For:</b> Filer	
<b>Address Line 1:</b> 1320 North Courthouse Road	
<b>Address Line 2:</b> Ninth Floor	
<b>City:</b> Arlington	
<b>State:</b> VIRGINIA	
<b>Zip:</b> 22201	
<b>Details</b>	
<b>Small Business Impact:</b> NO	
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# **Attachment 3**

Latest inmate tablet leverages Android-based operating system to propel faster processing, deliver more apps and provide an enhanced user-experience.



*JP5mini*

New JP5mini tablet leverages an Android-based operating system to propel faster processing, deliver more apps and provide an enhanced user-experience.

MIAMI, July 9, 2015 /PRNewswire/ -- JPay (<http://www.jpai.com/>) today announced the official release of the company's next generation inmate tablet, the JP5mini. The JP5mini offers all of JPay's products and services, but now on an Android-based operating system, which is highly customized for the prison environment. The tablet features a host of new apps, an enhanced email experience and the new operating system empowers JPay's development shop to deliver more apps at a much higher frequency. Most exciting, the JP5mini is built with Wi-Fi capability to accommodate facilities that are transitioning to wireless networks.

Learning from the success of JPay's popular JP4 tablet (currently in the hands of over 60,000 inmates), the JP5mini maintains the same compact size of 4.3 inches, which is an important convenience factor given the constant movement of inmates while in prison. The tablet is packed with a dual-core processor, which not only enables users to handle multiple tasks, but also offers a lengthy battery life so inmates can play over 35-hours of music and watch 12-hours of video. With up to 32 megabytes of storage, crisper graphics and a modernized email program, users will enjoy a more feature-rich and streamlined experience.

"Announcing a new tablet is a major milestone, but the real excitement is how we're upgrading our company's capabilities," said JPay CEO, Ryan Shapiro. "We will be delivering far more apps at a faster pace, which should result in the betterment of inmate rehabilitation and education."

Designed to be effective in the prison environment, the JP5mini was constructed out

of clear, polycarbonate plastic and built to be temperature and impact-resistant. The tablet's mold design is customized for rigorous use, and they are even drop-tested (<https://www.youtube.com/watch?v=7QYdGxsGdJU>) from 30-feet to ensure maximum durability. On the software side, JPay invested heavily to ensure tablets are never used to disrupt prison security. Features include:

- Passive RFID to verify ownership
- Secure boot loader to ensure no other operating system can be installed
- A Linux Kernel, customized for corrections security
- Vigorous content approval software

"This tablet, combined with our current reach, has the capacity to truly rehabilitate offenders on a massive scale," Shapiro continues. "We believe a real change is coming to corrections and we are excited to be at the forefront."

#### **About JPay**

JPay designs, builds and deploys its technology to prisons and jails across the country, establishing correspondence to help educate and rehabilitate offenders. Serving more than 1.9 million offenders in 34 states, JPay makes the corrections process more convenient for offenders and their loved ones, while modernizing processes and increasing intelligence capabilities for corrections facilities. Products include money transfer services, email and video communications, education, games, music and more.

Photo - <http://photos.prnewswire.com/prnh/20150708/234324>  
(<http://photos.prnewswire.com/prnh/20150708/234324>)

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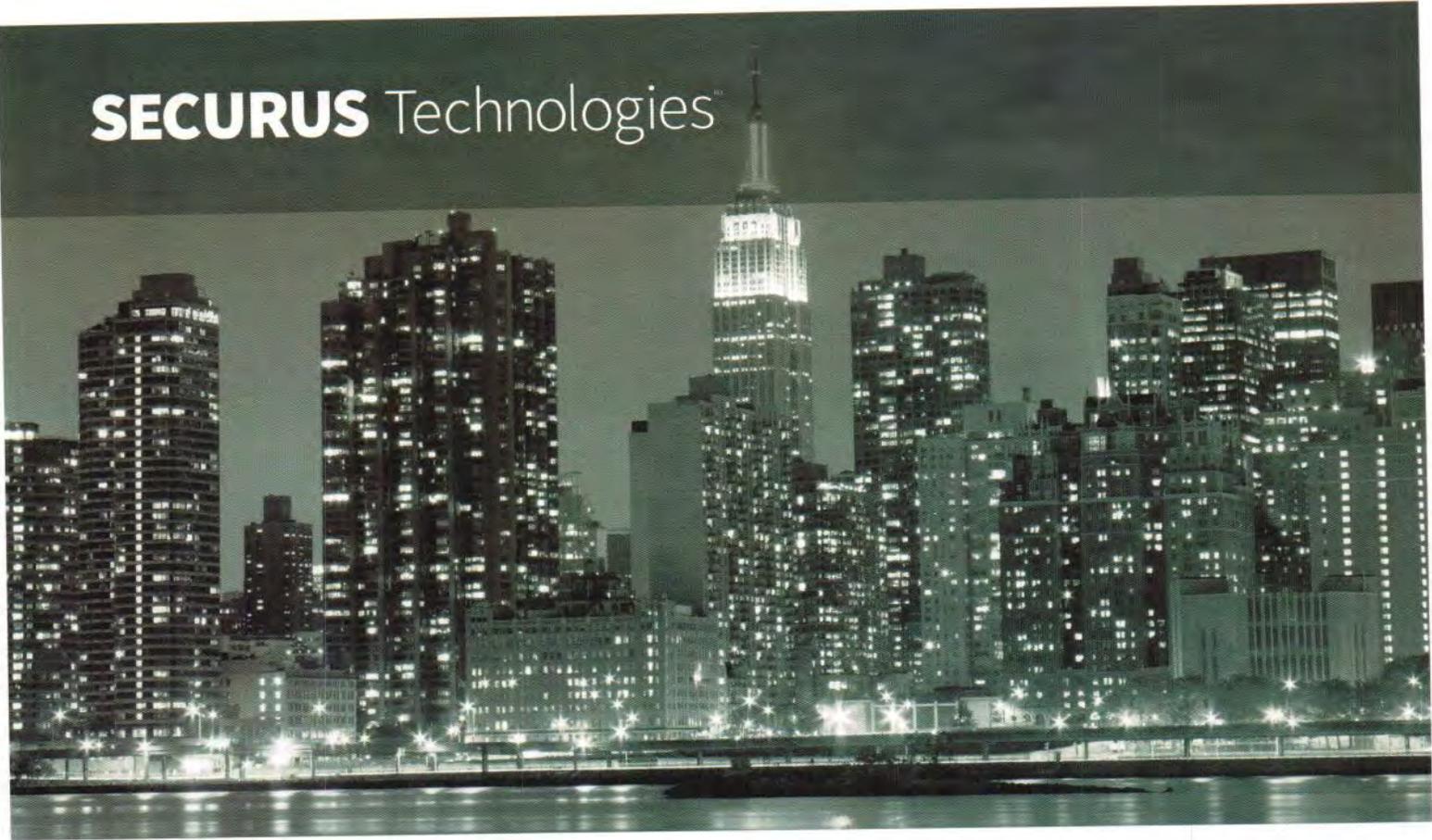
<http://www.jpayers.com> (<http://www.jpayers.com>)

# **Attachment 4**



# **Attachment 5**

**SECURUS** Technologies™



## Public Lender Presentation

April 15, 2015

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## Presenters

### Securus Technologies Inc.

- **Richard A. Smith**
  - *Chief Executive Officer*
- **Geoff Boyd**
  - *Chief Financial Officer*

### Deutsche Bank

# Agenda

Transaction Overview

Securus

JPay

Public Q&A

## Transaction Overview

- On April 2, 2015, Securus signed a definitive agreement to acquire JPay, Inc. for \$250mm in cash (excluding potential earn-outs), representing an 11.9x TEV / EBITDA purchase multiple on ~\$21mm of preliminary LTM 3/31/2015 PF Adj. EBITDA
- JPay is a leading provider of technology products used to provide inmate banking, communication services, and digital media consumption, servicing more than one million inmates in 29 states
- The combination of JPay and Securus will provide for material cross-sell / up-sell opportunities (alongside combination cost-savings), will further accelerate Securus growth and broaden its revenue base
- The transaction is expected to be funded through a mix of debt and equity, and result in pro forma Net 1<sup>st</sup> Lien and Net Total Leverage of ~4.3x<sup>(1)</sup> / ~5.4x<sup>(1)</sup>, respectively:
  - \$205mm Incremental Term Loan B-2
  - \$50mm additional common equity contribution from ABRY Partners

(1) LTM 3/31/2015 PF Adj. EBITDA is preliminary Securus LTM 3/31/2015 EBITDA of \$121mm, plus preliminary JPay LTM 3/31/2015 PF Adj. EBITDA of \$21mm

# Sources & Uses and Pro Forma Capitalization

(\$ in millions)

Sources	
Add-on first lien term loan	\$205
Sponsor equity proceeds <sup>(a)</sup>	50
Cash from balance sheet	2
<b>Total sources</b>	<b>\$257</b>

Uses	
Purchase equity	\$250
Estimated fees, expenses and OID	7
<b>Total uses</b>	<b>\$257</b>

## Pro forma capitalization

	At LBO		Current	xEBITDA	Adjustments	Pro Forma	xEBITDA
	3/31/13	xEBITDA					
Cash	\$4		\$18		(\$2)	\$16	
Revolver (\$50.0 million)	5		--			--	
Existing Term Loan B-1	350		419			419	
Incremental Term Loan B-2	--		--		205	205	
<b>Total first lien debt</b>	<b>\$355</b>	<b>4.2x</b>	<b>\$419</b>	<b>3.5x</b>		<b>\$624</b>	<b>4.4x</b>
<b>Net first lien debt</b>	<b>\$351</b>	<b>4.1x</b>	<b>\$401</b>	<b>3.3x</b>		<b>\$608</b>	<b>4.3x</b>
2nd lien term loan	140		165			165	
<b>Total debt</b>	<b>\$495</b>	<b>5.8x</b>	<b>\$584</b>	<b>4.8x</b>		<b>\$789</b>	<b>5.6x</b>
<b>Net debt</b>	<b>\$491</b>	<b>5.8x</b>	<b>\$566</b>	<b>4.7x</b>		<b>\$773</b>	<b>5.4x</b>
Sponsor and management cash equity	170		197		50 <sup>(a)</sup>	247	
<b>Total capitalization</b>	<b>\$665</b>	<b>7.8x</b>	<b>\$781</b>			<b>\$1,036</b>	
LTM Adj. EBITDA	\$85		\$121		21	\$142 <sup>(b)</sup>	
PF Interest expense	30		35		12	47	
Adj. EBITDA / interest expense	2.9x		3.5x			3.0x	

(a) Sponsor equity can be reduced to \$40mm in lieu of company cash at closing

(b) LTM 3/31/2015 PF Adj. EBITDA is preliminary Securus LTM 3/31/2015 EBITDA of \$121mm, plus preliminary JPay LTM 3/31/2015 PF Adj. EBITDA of \$21mm

## Summary of Incremental Term Loan B-2

Facility:	Incremental Term Loan B-2
Amount:	\$205 million
Coupon:	TBD
LIBOR floor:	1.00%
OID:	TBD
Maturity:	April 2020 (Same as Existing Term Loan B-1)
Amortization:	1% per year
Optional redemption:	101 soft-call for 6 months
Mandatory prepayments:	Same as Existing Term Loan B-1
Financial covenants:	None
Other covenants:	Same as Existing Term Loan B-1

# Indicative Transaction Timeline

April 2015						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

 Denotes Holiday

 Denotes Key Date

Date	Activity
April 15 <sup>th</sup>	Host Lenders Call
April 24 <sup>th</sup>	Expected Pricing
Early / Late July	Close & Fund

# Agenda

Transaction  
Overview

**Securus**

JPay

Public Q&A

1

Company Overview

2

FCC Update

# Company Overview

# Situation Update

## 2015 YTD March, 2015 Financial Results

	<u>Q1 2014 vs. Q1 2015</u>		<u>Q12015 vs. Equity Budget</u>		<u>Q12015 vs. Bank Model</u>	
	<u>Percent</u>	<u>Performance</u>	<u>Percent</u>	<u>Performance</u>	<u>Percent</u>	<u>Performance</u>
Revenue	+10.1%	Good	+7.2%	Good	+6.5%	Good
Adjusted EBITDA	+23.1%	Good	+20.8%	Good	+16.6%	Good
Free Cash Flow	+9.3%	Good	+26.2%	Good	+19.6%	Good

### Comments:

- Record High Q12015 Revenue, EBITDA, and Free Cash Flow
- Record High Prepaid Percent = 96.3%
- Q12015 EBITDA Annualized = \$133M > 2015 Equity Budget
- Project Initiatives +27.0% vs. Budget
- Same Store Call Volume Variance vs. 2014 = +15%
- Q12015 YTD Bad Debt = .6%
- Q12015 Annualized Net Wins = Record High

## JPay Transaction

- Known JPay Team for +5 years, Past Partnering on RFPs
- Have Attempted to Purchase Them for Last Four (4) Years
- Purchase for \$250M + Earn Out
- EBITDA Forecast (Smith) of \$40M in 4 Years Without Growth  $\approx$  6.3X EBITDA Multiple
- High DOC Penetration + Low County Penetration
- Fits Acquisition Filter
  - Government Services
  - High Tech/Software Focused
  - Revenue and EBITDA Growth +10%
  - Corrections Sector
  - Good Management
  - High Integrity
  - Positive NPV and Good IRR

### Performance code:

- Green = Good (> better than 3.0%)
- Yellow = OK (+/- 3.0%)
- Red = Poor (> worse than 3.0%)

# Securus at a Glance

## Company Highlights

- Leading provider of advanced inmate communications, investigative technologies and information management solutions to the corrections industry in the U.S. and Canada
- Stable and recurring revenue model supported by long-term, multi-year customer contracts
- Executive Team Average 14 Years Working Together
- 68 Sales Team Associates
  - +70K Contacts with Facility Customers Annually
- 143 United States Patents Approved, 87 Pending
  - Collected \$60M in License Agreements
  - 3X As Many Patents as the Entire Industry
- Private Equity Sponsored: ABRY Partners
- Key Financial Metrics (LTM March 2015)
  - \$415M Revenue
  - \$121M Adj. EBITDA
  - \$84M Free Cash Flow<sup>(1)</sup>

(1) Free Cash Flow defined as Adj. EBITDA less Capital Expenditures

## Business Snapshot

Founded:	1987	Facilities:	2,600
Headquarters:	Dallas, TX	Number of states:	47
Associates:	1,000+	IT Development Associates:	200

## Product Overview

- Provides High-Tech Products and Services to Law Enforcement and Corrections Sector
  - Audio Outbound Inmate Calling
  - Video Visitation
  - Parolee GPS Monitoring
  - Voice Biometrics
  - Inmate Tablets
  - Data Analytics
  - Jail Management Systems
  - Interactive Voice Response Systems
  - Managed Access Service (wireless contraband)
  - Location Based Services
  - Mobile Marketing Services

## Securus Management Team

Name	Position	Years with Securus	Years Working Together
Richard A. Smith	Chief Executive Officer	7	3 - 20
Robert E. Pickens	President	7	16
Geoffrey M. Boyd	Chief Financial Officer	2	9
Dennis Reinhold	General Counsel	10	7
Patrick Brolsma	Vice President, Corporate Development	7	15
Joshua Conklin	Vice President, Sales	5	16
Daniel de Hoyos	Vice President, Service and Technical Operations	7	12
Larry Ehlers	Vice President, Application	6	11
Arlin Goldberg	Chief Information Officer	7	16
David Kunde	Vice President, Network Operations	4	20
Kathryn Lengyel	Vice President, Human Resources	8	7
Russell Roberts	Vice President, Marketing and Corporate Strategy	7	7
Jon Secrest	Vice President, New Growth Opportunities	< 1	9
Dan Wigger	Vice President and Managing Director, Managed Access Systems	< 1	3

- Executive Team averages 11 years working together.
- Has built the most advanced and comprehensive platform of technology solutions serving the corrections industry.

# Inmate Telecommunications Overview

## Key Functions

Enable Calls

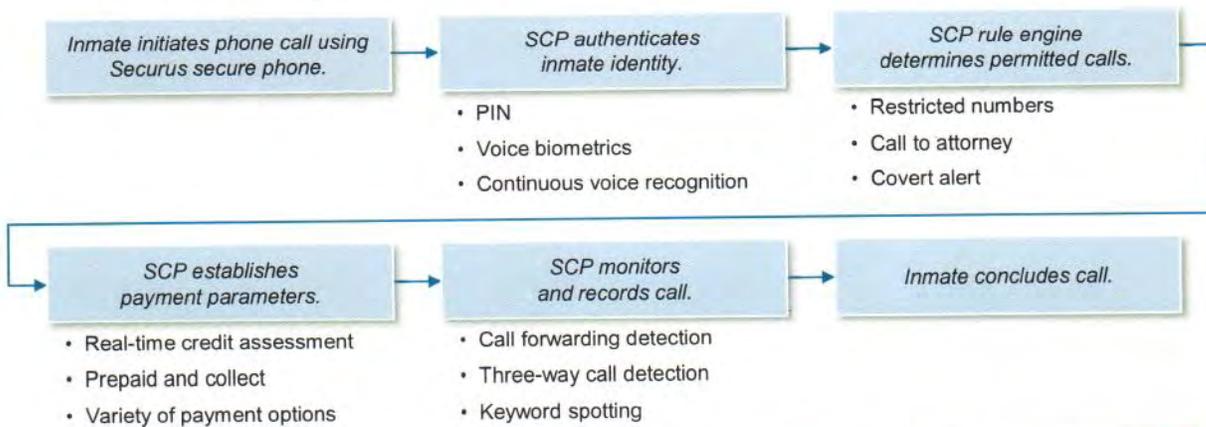
Ensure Security of Calls

Monitor Credit Risk

Billing & Customer Care



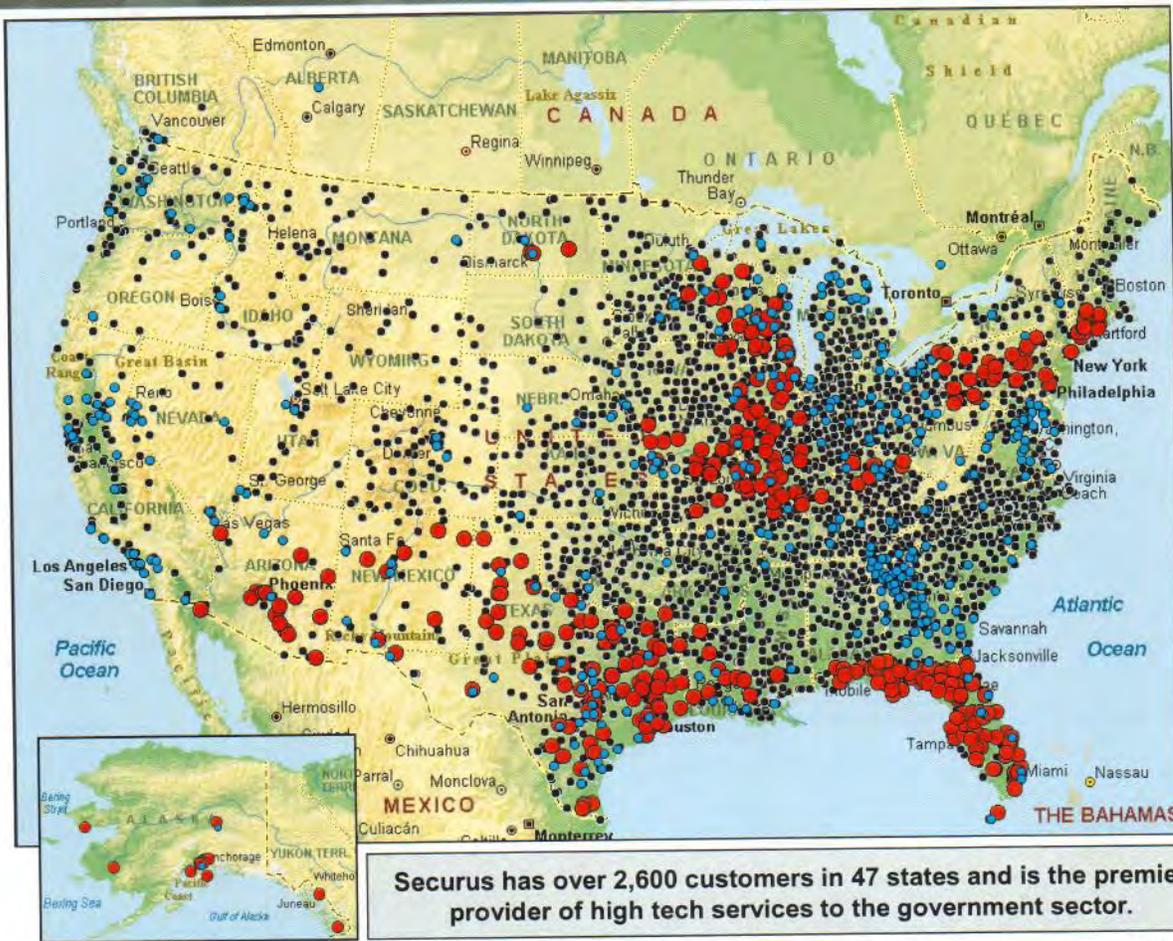
## Summary of Outbound Inmate Call



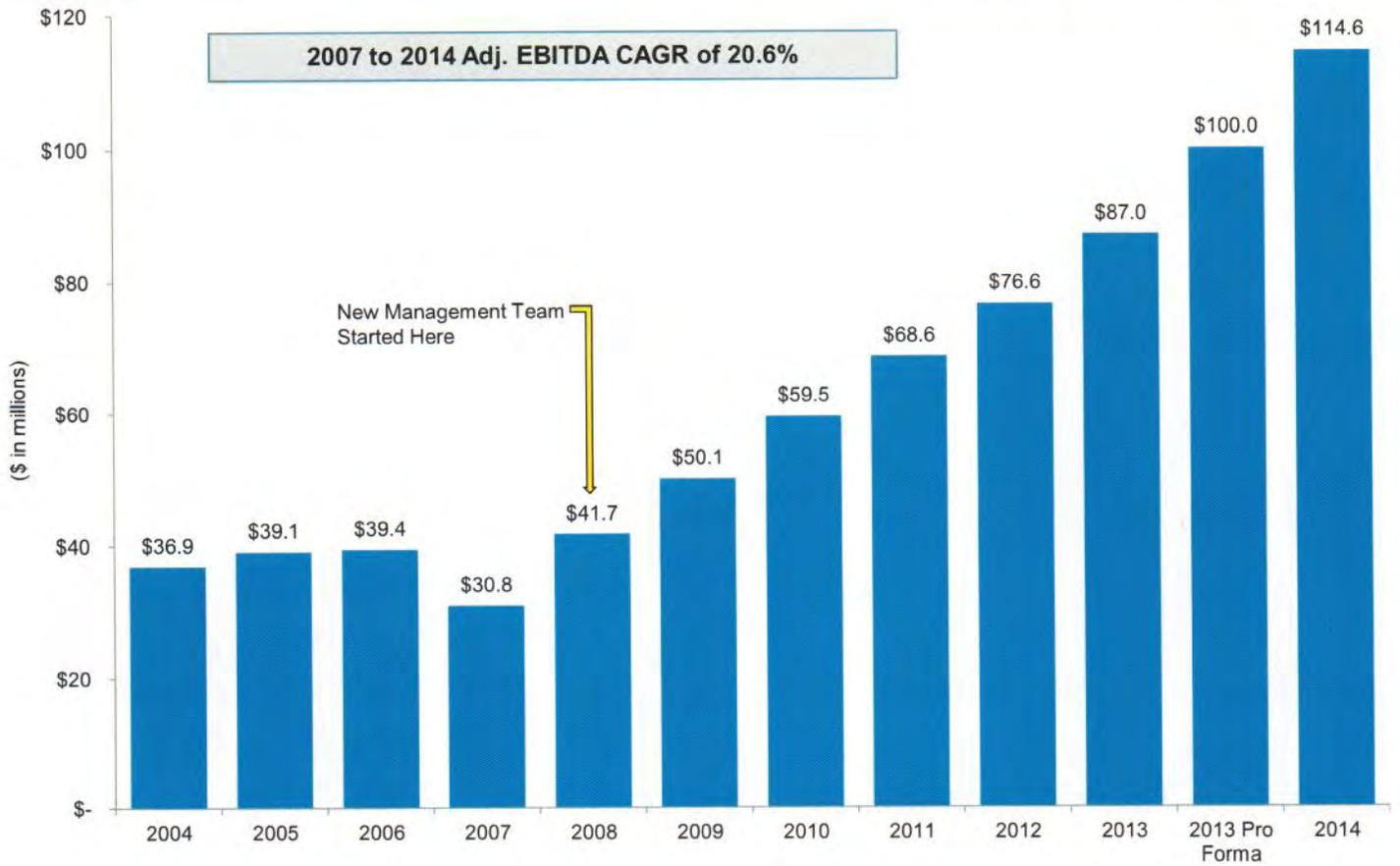
- Securus bills inmates for the calls they make and the technology services they use
- Nearly 95% of the Company's total direct provisioning revenue are "pre-paid"
- Securus pays a negotiated commission to the correctional facility based upon actual usage of services by inmates

**Specialized Systems And Technology Create High Barriers To Entry**

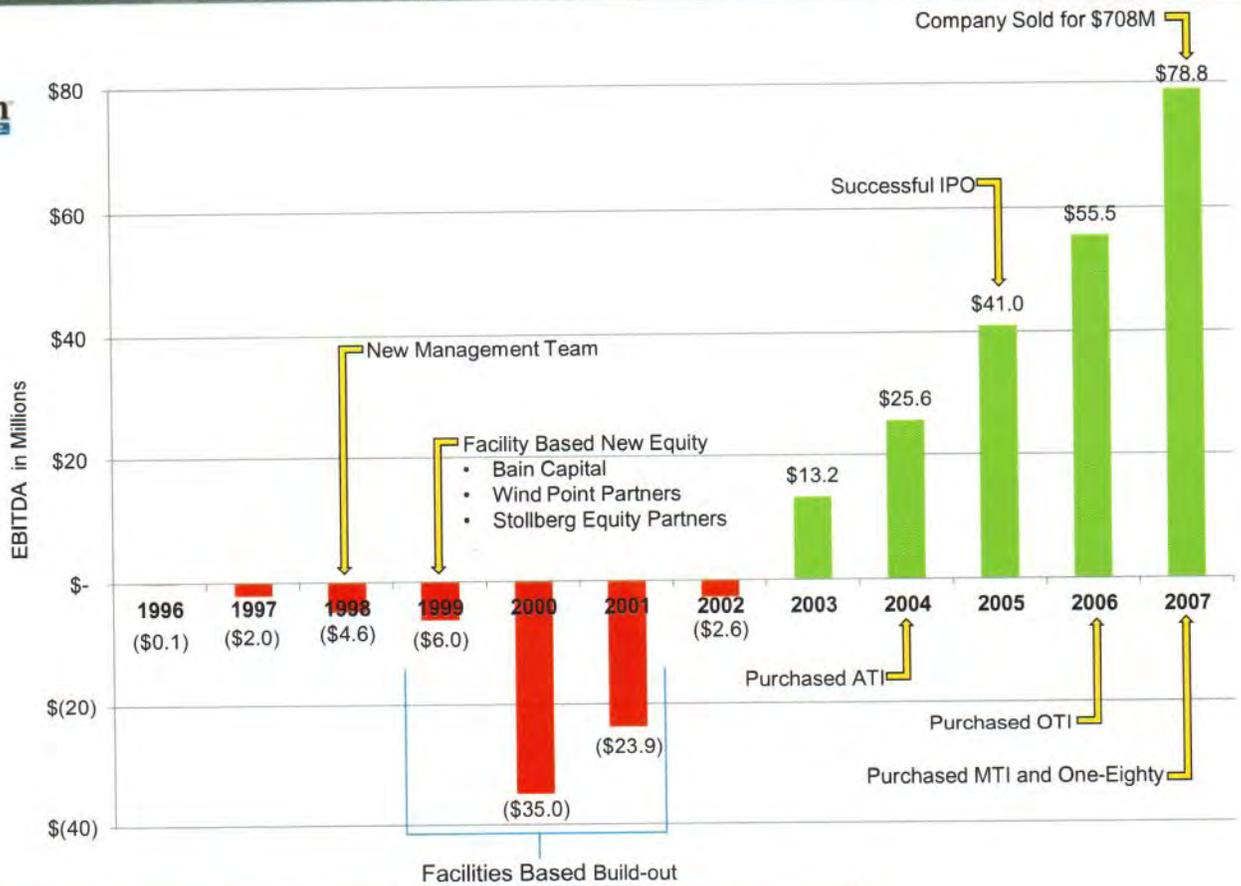
# Securus Sites



# Historical Adj. EBITDA



# Eschelon EBITDA, 1996 to 2007 (Competitive Local Exchange Carrier)



**The Executive Team at Securus has a long history of good operating and financial performance including at Eschelon, for nine (9) years.**

# Key Credit Highlights

## Securus Represents an Attractive Credit Investment

*Recurring Revenue Model With Long Term Contracts*



- Average revenue retention of 94% over the last 5 years
- 3 to 5 year contracts with majority on automatic renewals without RFP

*Diverse Customer Base With Minimal Customer Concentration*



- 2,600 facilities across 47 states, D.C and Canada
- Top 10 customers account for ~32% of revenue, long standing relationships with average tenure of ~10 years

*Industry Leading Technology Platform*



- Patented, proprietary technology platform
- Efficient centralized technology model is CapEx and OpEx efficient

*Large, Stable And Growing Corrections Industry*



- ~\$75B corrections industry represents a large, recession-resistant and stable market
- Inmate population and corrections expenditures have grown steadily for 3 decades

*Diversified Service Offering in Highly Attractive Segments*



- The acquisition of JPay results in a comprehensive communication and tech-enabled solution provider
- Well positioned for organic growth through numerous initiatives currently underway

*Exceptional Financial Performance Since 2008*



- Quality of revenue significantly improved: Higher prepaid revenue , lower bad debt expense, low wholesale revenue
- Increased Adj. EBITDA by 272% from 2007 to 2014
- Number of recent wins against GTL proves Securus' superior operating model

*Experienced Management Team*



- Experienced, cohesive team with 16 year track record of value creation
- Implemented numerous initiatives to double EBITDA from 2007 to 2014
- Continuous operational improvement and margin expansion

# Summary Q1-15 and FY2014 Financial Results vs. Budget and Prior Year

(\$ in thousands)

	Q1 2015 vs. Budget				FY2014 vs. Budget			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
<b>Revenue</b>	\$ 110,955	\$ 104,177	\$ 6,778	6.5%	\$ 404,617	\$ 399,045	\$ 5,572	1.4%
Cost of Service	51,568	50,608	959	1.9%	197,885	207,538	(9,653)	-4.7%
Selling, General & Admin. \1	26,022	24,952	1,071	4.3%	92,147	88,736	3,411	3.8%
<b>Adjusted EBITDA</b>	<b>\$ 33,365</b>	<b>\$ 28,617</b>	<b>\$ 4,748</b>	<b>16.6%</b>	<b>\$ 114,585</b>	<b>\$ 102,771</b>	<b>\$ 11,813</b>	<b>11.5%</b>
Capital Expenditures \2	10,633	9,616	1,017	10.6%	32,598	31,490	1,108	3.5%
<b>Adjusted Free Cash Flow</b>	<b>\$ 22,732</b>	<b>\$ 19,001</b>	<b>\$ 3,731</b>	<b>19.6%</b>	<b>\$ 81,987</b>	<b>\$ 71,281</b>	<b>\$ 10,705</b>	<b>15.0%</b>
Calls	39,479	37,721	1,758	4.7%	130,573	127,021	3,552	2.8%
ARPC	\$ 2.36	\$ 2.28	0.08	3.3%	\$ 2.58	\$ 2.65	(0.07)	-2.6%

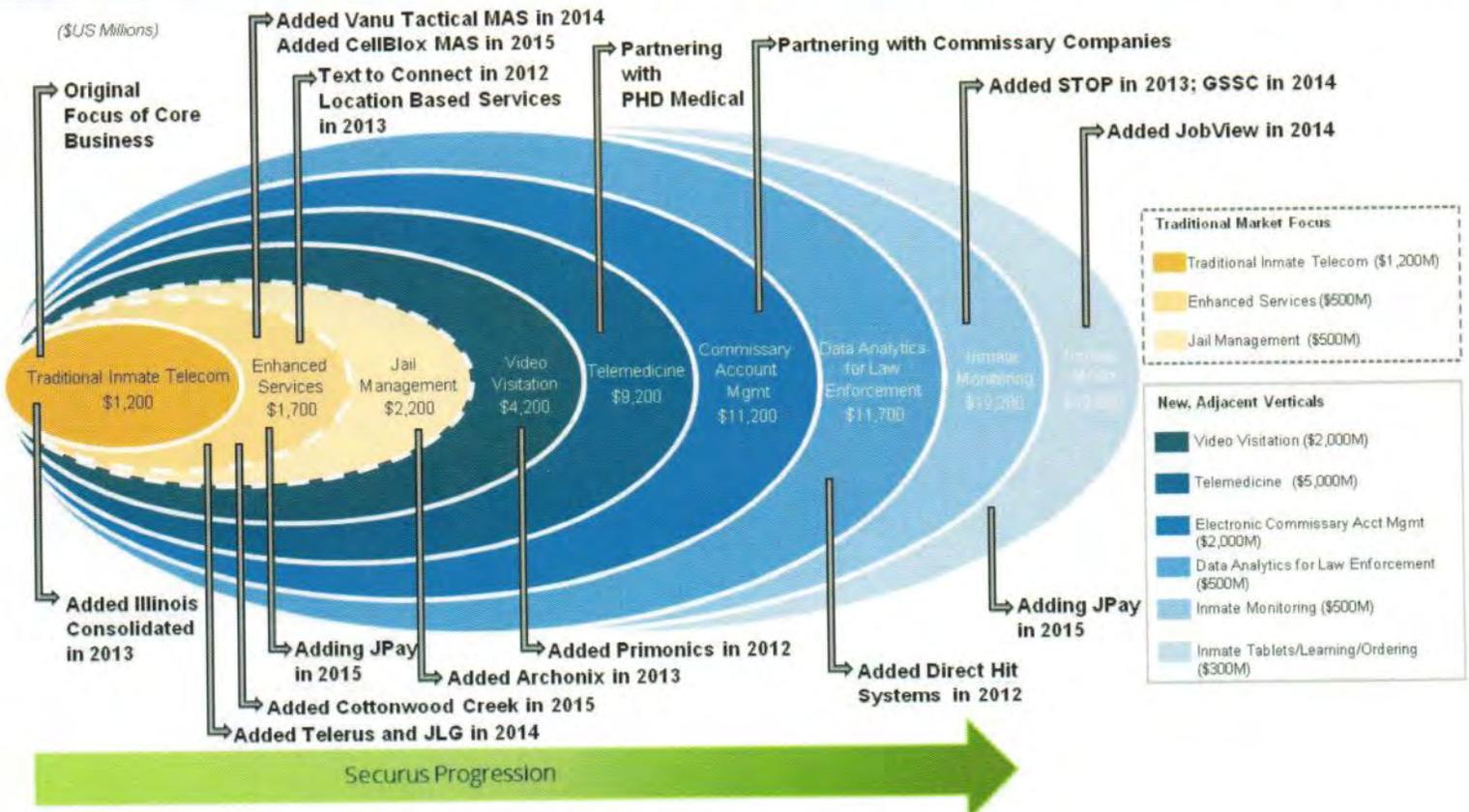
  

	Q1 2015 vs. Prior Year				FY2014 vs. Prior Year			
	Q1 15	Q1 14	Variance	%	FY2014	FY2013	Variance	%
<b>Revenue</b>	\$ 110,955	\$ 100,746	\$ 10,209	10.1%	\$ 404,617	\$ 366,671	\$ 37,946	10.3%
Cost of Service	51,568	52,051	(483)	-0.9%	197,885	207,427	(9,542)	-4.6%
Selling, General & Admin. \1	26,022	21,584	4,438	20.6%	92,147	72,200	19,947	27.6%
<b>Adjusted EBITDA</b>	<b>\$ 33,365</b>	<b>\$ 27,111</b>	<b>\$ 6,254</b>	<b>23.1%</b>	<b>\$ 114,585</b>	<b>\$ 87,044</b>	<b>\$ 27,541</b>	<b>31.6%</b>
Capital Expenditures \2	10,633	6,323	4,310	68.2%	32,598	23,280	9,318	40.0%
<b>Adjusted Free Cash Flow</b>	<b>\$ 22,732</b>	<b>\$ 20,788</b>	<b>\$ 1,944</b>	<b>9.3%</b>	<b>\$ 81,987</b>	<b>\$ 63,765</b>	<b>\$ 18,222</b>	<b>28.6%</b>
Calls	39,479	31,308	8,171	26.1%	130,573	117,002	13,571	11.6%
ARPC	\$ 2.36	\$ 2.74	(0.38)	-13.9%	\$ 2.58	\$ 2.89	(0.30)	-10.4%

\1 Adjusted for add-backs

\2 Adjusted for Vanu license acquisition

# Large and Growing Government Services Opportunity For Technology Enabled Solutions



Large and growing government services opportunity for bundled technology solutions with Securus market share of 4%.

# Proven Ability to Win Business



## Sales Team Initiatives

- Sales Team Leadership Change
- Largest Sales Team in the Sector
- Focus on New Sales
- New Product Development / Acquisitions
  - Archonix
  - STOP
  - DirectHit
  - Telerus
  - Text 2 Connect
  - Primonics
  - Location Based Services
  - Pay Now / Instant Pay
  - Inmate Tablet
  - Managed Access Systems (MAS)
- Improvements in SCP
- Insourced Call Center
- Sales Team Training
- Hiring for Sales Ability versus Relationships Only
- Commission Plan Incentives Proper Behavior

**Securus has shown an increasing ability to win new business – generated \$200 million in new business from 2009 through 2015 Annualized**

# Meaningful Advantages Over GTL Underscore Securus' Sustainable Competitive Position<sup>1</sup>

<b>SECURUS Technologies</b> <i>connecting what matters</i>	<b>Advantage</b>	<b>Criteria</b>	<b>GTL</b>	<b>Advantage</b>
Technology, customer service and sales	✓	<b>Investment and Strategic Focus</b>		Integrating series of acquisitions
With core operations	✓	<b>Location of Executives</b>		Separate from core operations
Use own employees	✓	<b>Technical Field Service</b>		Outsourced
Use own employees	✓	<b>Call Center / Funding Options</b>		Outsourced
Positive	✓	<b>Organic Revenue Growth</b>		Estimated Negative – 2011 to 2014
100%	✓	<b>% of Facilities on Centralized Platform</b>		20%
143 awarded / 87 pending	✓	<b>Patent Portfolio</b>		45 awarded / 11 pending
68	✓	<b>Size of Sales force</b>		≈ 35
200+	✓	<b># of Software Developers</b>		≈ 50
≈ 700	✓	<b># of Centralized Platform Features</b>		≈ 350
JPay / MAS / STOP / CellBlox / Vanu Tactical	✓	<b>Voice Biometrics, MAS, Mobile Marketing, Inmate Tracking, Media, Communications</b>		Primarily Partnering or No Comparable Product Available
Purchased Direct Hit Systems	✓	<b>Data Analysis for Law Enforcement</b>		Unknown
3	✓	<b>2103 to 2015 DOC New Wins</b>		0
\$45M	✓	<b>New Wins in 2013 - 2015 from GTL or Securus</b>		≈ \$4M
+\$400M	✓	<b>New Acquisitions – Product Enhancements</b>		≈ \$30M

**Securus provides a best in class set of business attributes for facilities, inmates, friends/family members, and investors**

<sup>1</sup>Most of the GTL comparable metrics are estimated by interviewing past Associates of GTL, conversations with existing Associates of GTL, review of old financing documents, and review of GTL RFP responses. If the reader is concerned with accuracy, they should review directly with GTL to get comparable metrics.

# **Federal Communications Commission Update**

# Summary of Federal Communications Commission (FCC) Potential Order on Inmate Rates

## Timing:

- Order Issued/Voted On – July/August, 2015
- Posted to Federal Register – September/October, 2015
- Implementation Date – November/December, 2015
- Excludes Litigation Delays

## FCC Objectives:

- Reduce calling rates
- Created business environment that promotes competition
- Fairness to all parties
- Eliminate/reduce facility commission payments
- Give all parties a chance to submit data
- Cap/better manage ancillary charges
- Transition plan that allows facilities to replace commissions with public funding
- Allow carriers a reasonable/appropriate rate of return

## Securus Contribution:

- First Cost Study submitted on time that met FCC requirements
- First/Only Elasticity Study
- 14 Meetings with FCC/Staff in last 13 months to educate and discuss Securus positions
- Discussions with National Sheriff's Association (NSA) at the request of FCC to craft a compromise
- Securus' Position on Commissions – IT IS THE FCC'S decision to allow or not facility commissions. Commission are used for good causes and the FCC should allow some level AS LONG AS they are added to Securus' costs that the FCC allows
- Filed complaints against two (2) carriers and one (1) agent with Enforcement Division of FCC at the request of FCC for violations of Interim Order in 2014

# Summary of Federal Communications Commission (FCC) Potential Order on Inmate Rates

## Interim FCC Order on Interstate Rates:

- Implemented on February 11, 2014
- Rate Caps implemented for interstate
- Did not change ancillary charges
- Rates reduced by 10% to 80%, 38% for Securus
- Accomplished FCC Objectives
- Securus implemented interstate rate caps and eliminated interstate commissions with neutral to a modestly positive EBITDA impact including some positive elasticity of demand with respect to price

## Final FCC Order Expectations:

- Price caps set  $\geq$  cost including return on debt and equity
- Transition period of  $\leq$  2 years
- Capping of ancillary charges
- Prison/jail distinction
- Commissions are reduced or eliminated
- No by facility rate of return approvals
- No significant incremental filing requirements
- Neutral to a modestly positive EBITDA impact on Securus including elasticity impact

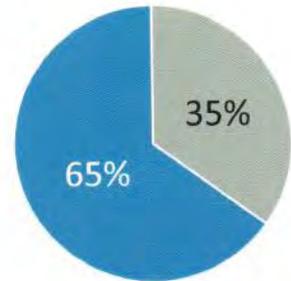
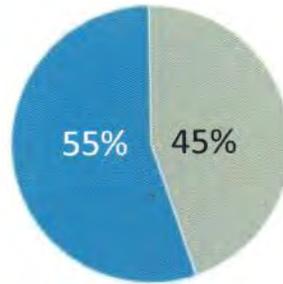
**It is the FCC's decision to allow or not allow commissions - as long as it is added to Securus' rate filed in the Cost Study.  
We expect the FCC's Final Order to be neutral to modestly positive on Securus' EBITDA.**

# Progression to Higher Percentage of Deregulated Business

2007 Base Year

2014 Pro Forma<sup>(1)</sup>

2015 Pro Forma<sup>(2)</sup>



Regulated EBITDA



Non-Regulated EBITDA

**By investing in businesses that are not regulated by the FCC / PSC / PUCs,  
Securus has successfully decreased its exposure to potential rate of return regulation**

(1) Regulated EBITDA excludes EBITDA from DirectHit, Archonix, STOP, Telerus, JLG, Vanu Tactical, GSSC, Location Based Services, 3rd Party Mobile Marketing Services, Patent License Agreements, and Fees  
 (2) Regulated EBITDA excludes EBITDA from DirectHit, Archonix, STOP, Telerus, JLG, Vanu Tactical, CellBlox, GSSC, Location Based Services, 3rd Party Mobile Marketing Services, Patent License Agreements, JPay, and Fees  
 Note: "FCC" = Federal Communications Commission, "PSC" = Public Service Commission, "PUC" = Public Utility Commission



## Interstate Inmate Rates – WC Docket No. 12-375

### Inmate Rates – What do the Various Parties Really Want?

**Inmates, Friends and Family** – Low rates, reasonable fees, simple consistent rate plan, and the ability to communicate more often

**Correctional Facilities** – Security, safety, recovery of ICS-related costs, 2 year transition plan and best technology

**ICS Providers** – Recovery of all costs to provide ICS, the ability to continue serving all facilities, the ability to continue providing facilities with safety, security, crime solving tools and new technology

**FCC** – Low rates, low fees, competitive model, more communication between inmates and their friends and family leading to reduced recidivism, safety, security and simplicity

### How Can Everyone's Objectives be Met?

**Simplicity** – Same rate for every call (interstate and intrastate): \$.20/minute prepaid, \$.24/minute collect, and no per call surcharge. The simplified rate structure will make ICS charges more transparent for inmates and their friends and family, and will discourage gaming.

**Recovery of ICS Provider's Costs** – The Commission's Mandatory Data Collection indicated that ICS provider's costs range from approximately \$.134 per minute to \$.197.

- The proposed rate caps allow sufficient flexibility to ensure ICS providers are able to serve all correctional facilities, maintain security features, regardless of size or location. FTI Consulting explains why sound ratemaking requires rates to be set **above** average cost.
- The Commission should permit an ICS provider to seek a waiver of the rate cap for a particular correctional facility if the ICS provider can demonstrate that the proposed rate cap does not allow the ICS provider to economically serve the correctional facility.

**Administrative Support Payments for Correctional Facilities** – NSAmember survey data indicates that costs range from \$.004 per minute to \$1.74 per minute.

- Correctional facilities should be reimbursed for the direct costs they incur in connection with ICS. The cost recovery mechanism should be an independent per minute rate component that the Commission derives from the cost figures it receives from correctional authorities.
- Any per minute rate must be additive to the ICS rate cap, because no commissions or admin. support payments were included in ICS provider's costs submitted to the Commission.

**Ancillary Fees** – Eliminate the majority of ancillary fees. Cap funding fees at \$7.50; Maximum validation fee of 8% per call; maximum \$2.50 administrative fee for third-party money transfer services; retain optional premium payment services so long as there is always a free alternative.

**Transition** – 24 months or 2 budget cycles

February 5, 2015





## Federal Communications Commission Comments on Facility Commissions Viability

### Chairman Wheeler

- October 17, 2014 (FNPRM)

"No one could mistake ICS as a competitive market today when **exorbitant rates are driven by site commissions** demanded by correctional facilities..."

### Commissioner Clyburn

- September 26, 2013 (Inmate Rate Order)

"We also make clear that **site commissions are not related to the cost of providing inmate calling services**, and therefore cannot be included in the interstate rate."

- October 17, 2014 (FNPRM)

**...outrageous costs, and payments from the providers to those facilities – known as site commissions – have skyrocketed to as high as 96% of gross revenues.**

- July 9, 2014 (Inmate Rate Workshop)

"In addition to rate caps, the Commission also made clear that regardless of the value or benefits that **site commissions** may provide to inmates, through inmate welfare programs or other services, **such payments, should not be part of interstate inmate calling rates because they have no direct bearing on the cost of providing communications services.**"

### Commissioner Rosenworcel

- October 17, 2014 (FNPRM)

**This new rulemaking seeks to address the exorbitant rates that prisoners and families of prisoners still face for in-state calls and slew of suspect fees for ancillary services and commission charges.**

March 4, 2015

# Agenda

Transaction  
Overview

Securus

JPay

Public Q&A

1 Company Overview

2 Services & Solutions

3 Industry Overview

4 Financial Results

# Company Overview

## Company Overview

- Servicing more than one million inmates and over 1.1 million probation & parole individuals in 29 states
- Product categories are broken down as follows:
  1. Payment Services: Includes money transfer and release debit cards
  2. Communications: Includes email, photo attachments, VideoGrams, video visitation and grievances
  3. Digital Media: Includes music, eBooks, games, videos, commissary ordering and an education platform
- Generates revenue via transaction fees (payments), product-usage fees (email, video visitation), download fees (media), and hardware sales (tablets)
- Founded in 2002, headquartered in Miramar, FL and currently has 265 employees
- Delaware Corp, privately-held by founders, family and other investors

### Rapid Financial Growth (\$mm)

- New state contracts, implementation of new services under existing contracts, and a continuous increase in user adoption has contributed to JPay's strong financial growth across all product lines

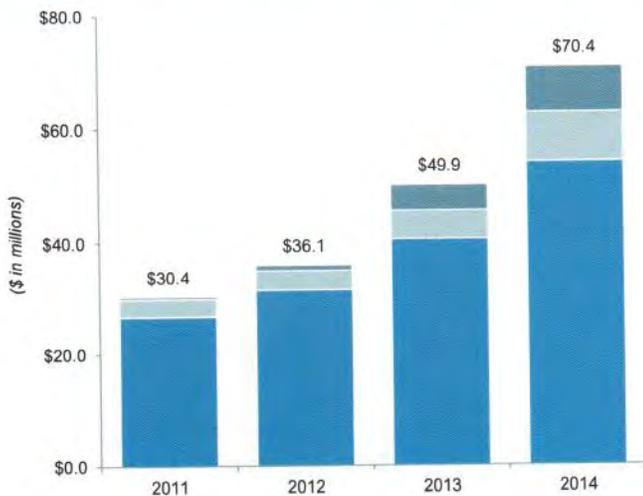


# Comprehensive and Proprietary Product Offering

	Payments	Communications	Digital Media
Product Description	<ul style="list-style-type: none"> <li>Enables friends and family to send money to inmates and for offenders to make parole and probation (P&amp;P) payments</li> <li>Six unique payment channels available</li> <li>When inmates are released, a release debit card is given to inmates with their account balance and "gate money"</li> </ul>	<ul style="list-style-type: none"> <li>Email includes both inbound and outbound as well as photo attachments</li> <li>VideoGrams are 30 second video clips sent by family from JPay's android or iPhone app – inmates can also respond with a video clip</li> <li>Video visitation consists of 30 minute visitation sessions</li> <li>Grievances digitize the communication between staff and inmates from the kiosk</li> </ul>	<ul style="list-style-type: none"> <li>Provides inmates with the opportunity to download and enjoy digital media, including music, eBooks and education</li> <li>Offers digital media tablets enabled with native applications</li> <li>Commissary ordering system allows inmates to purchase goods based on rules, inventory and pricing set and provided by the agency or commissary vendor</li> </ul>
Key Characteristics	<ul style="list-style-type: none"> <li>Licensed money transmitter, fully compliant with all federal and state money transmitter statutes</li> <li>Funds are generally available the next day</li> <li>Eliminates the need for prisons to process paper and cash payments</li> <li>All transactional data is recorded, analyzed and reported online</li> </ul>	<ul style="list-style-type: none"> <li>All email, photos and VideoGrams are categorized according to designated words, senders or inmates</li> <li>Video visits are recorded and can also be monitored in real time</li> <li>Ease of access from any location</li> </ul>	<ul style="list-style-type: none"> <li>JP4 and JP5 tablets</li> <li>Extensive library of censored music, media and eBooks</li> <li>Interactive commissary catalog and shopping cart</li> <li>Wireless connectivity brings instant gratification to purchases and communications</li> </ul>
2014 Revenue	<ul style="list-style-type: none"> <li>\$53.9 million</li> </ul>	<ul style="list-style-type: none"> <li>\$8.5 million</li> </ul>	<ul style="list-style-type: none"> <li>\$8.0 million</li> </ul>
% of Total	<ul style="list-style-type: none"> <li>77%</li> </ul>	<ul style="list-style-type: none"> <li>12%</li> </ul>	<ul style="list-style-type: none"> <li>11%</li> </ul>

# Robust and Diversified Growth Profile

## Revenue by Product Type



(\$ in millions)	2011	2012	2013	2014
Payments	\$26.7	\$31.5	\$40.5	\$53.9
Communications	3.2	3.4	5.0	8.5
Media	0.5	1.1	4.4	8.0
<b>Total</b>	<b>\$30.4</b>	<b>\$36.1</b>	<b>\$49.9</b>	<b>\$70.4</b>

Media includes sale of tablets

## Commentary and Metrics

### Payments

- **Payments Revenue Model**
  - Transactions – flat rate for each transaction
  - Average transaction amount is \$70.00
  - Average transaction price is \$5.95
- Consists of inmate, P&P, court and phone payments

### Communications

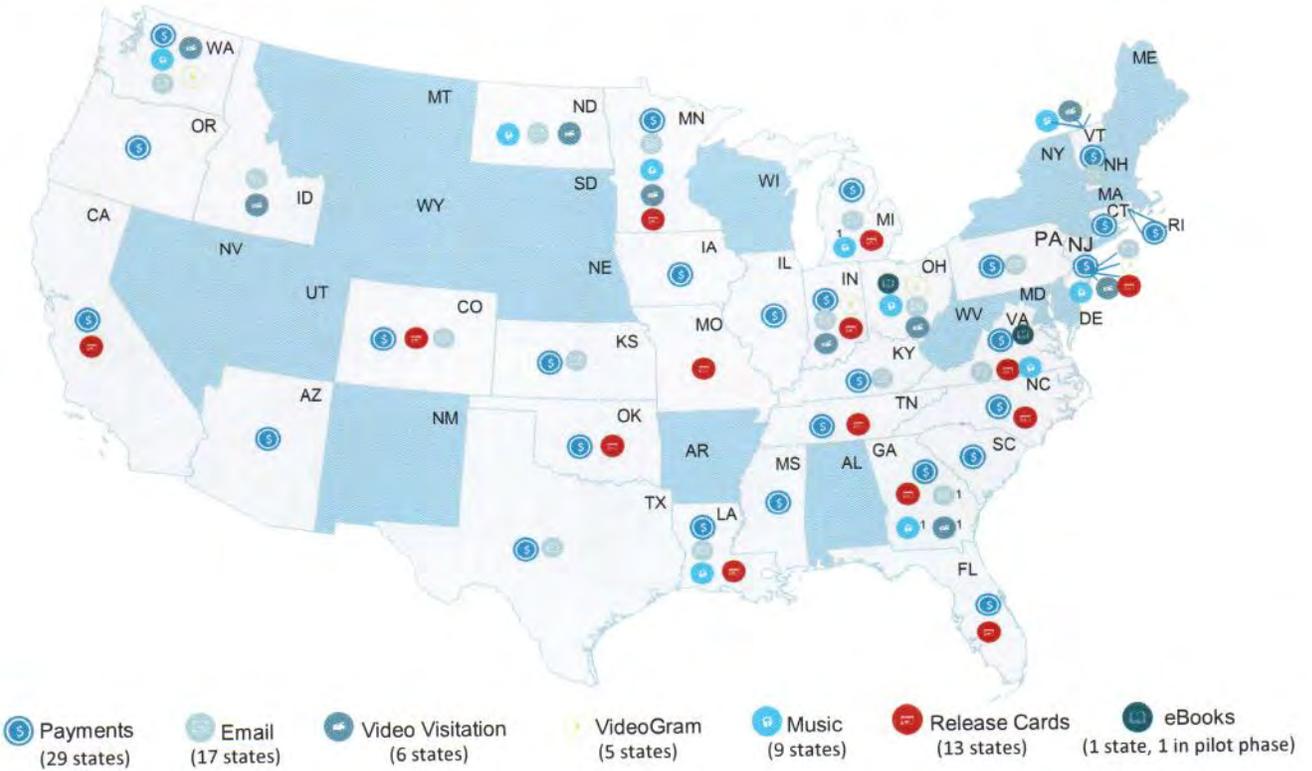
- **Email Revenue Model**
  - Pay per stamp, priced on average at \$0.30 each
  - Each letter requires 1 stamp
  - A photo attachment requires 1 stamp
  - A VideoGram requires 3 stamps
- **Video Visitation Revenue Model**
  - Pay per video session priced on average \$9.95 /30 min
- **Grievances Revenue Model**
  - Free

### Digital Media

- **Music Revenue Model**
  - JP4 tablets – \$49.99 / tablet
  - JP5 tablets – \$119.99 / tablet
  - Transactions – price / downloaded song
  - Average selling price per track is \$1.24 – \$1.82
- **eBook Revenue Model**
  - Pay per eBook download
- **Education**
  - Free for most materials
  - Fees for premium content (tuition)
- **Games**
  - Free

# Extensive State Penetration and Strong Market Position

Currently serves agencies in 29 states, including 9 of the top 10 largest state prison systems  
 18 county correctional systems including NYCDOC as well as 3 private federal prisons



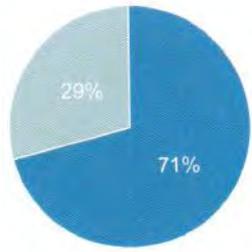
<sup>1</sup> Selected Facilities

# Expansive Target Market

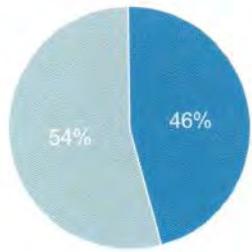
State Inmates = 1.4 million

Federal, State, and County Inmates = 2.4 million

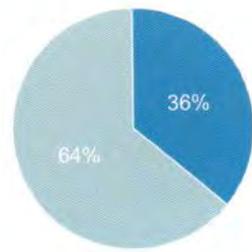
Payments



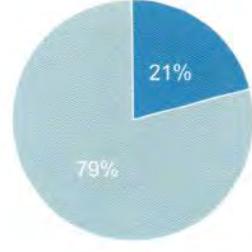
Payments



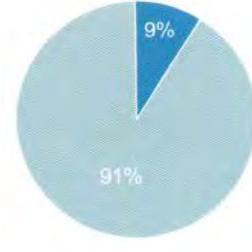
Communications



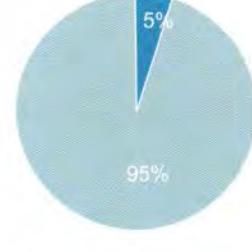
Communications



Digital Media



Digital Media



■ Market Served by JPay    ■ Market Not Served by JPay<sup>1</sup>

<sup>1</sup> Some agencies are serviced by competitors but the majority of agencies have yet to adopt the services

## Strong Relationships with Top Clients

- Largest client represents approximately 13% of revenue with only one other client more than 10%
- The Company's top 10 clients have an average tenure of six years
- Significant opportunity to grow existing relationships with top clients through introduction of new products

Client	Client Since	Products						2013 Revenue	% of Total	2014 Revenue	% of Total
		Money Transfer	Money Transfer P&P	Email	Music	Video Visitation	VideoGrams				
State 1	Jan-08	•						\$3.4	6.8%	\$3.8	5.4%
State 2	Jul-05	•	•					7.0	14.0%	9.4	13.3%
State 3	Dec-08	•	•	•	•	•		3.8	7.6%	4.1	5.8%
State 4	Oct-07	•		•		•	•	1.9	3.8%	2.9	4.1%
State 5	Mar-08	•	•	•	•			2.2	4.4%	2.5	3.5%
State 6	Jan-09	•		•	•			3.2	6.4%	3.6	5.1%
State 7	Dec-08	•		•	•	•	•	1.7	3.4%	5.7	8.1%
State 8	Jul-03	•		•				3.5	7.0%	3.6	5.1%
State 9	Nov-03	•		•				6.5	13.0%	7.2	10.2%
State 10	Jul-12	•	•	•	•	•		1.7	3.4%	2.1	3.0%
<b>Top 10</b>								<b>\$34.9</b>	<b>69.9%</b>	<b>\$44.9</b>	<b>63.5%</b>
Other Clients								\$15.0	30.1%	\$25.5	36.5%
<b>Total Clients</b>								<b>\$49.9</b>	<b>100.0%</b>	<b>\$70.4</b>	<b>100.0%</b>

# Solutions & Services

# Payments

## Industry-Leading Solution

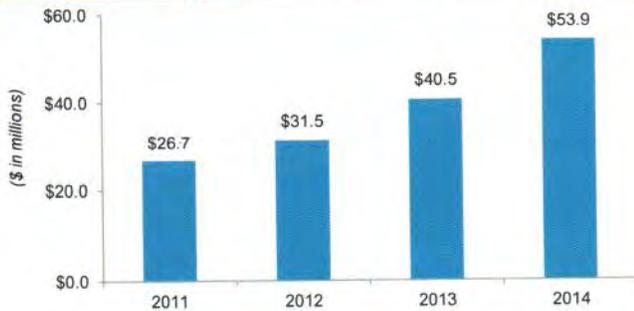
### Overview

- Enables friends and family to securely send money to inmates through multiple channels including:
  - JPay.com
  - Mobile application (Android & iPhone)
  - MoneyGram Payment Systems (cash)
  - 24/7 call center
  - In-facility lobby and booking kiosks
  - Money order lockbox
- JPay has an exclusive partnership with MoneyGram Payment Systems, which has over 30,000 agent locations nationwide, including walk-up facilities in all Wal-Mart's in the United States
- Payment channels also collect parole and probation payments, prison phone payments and court related payments

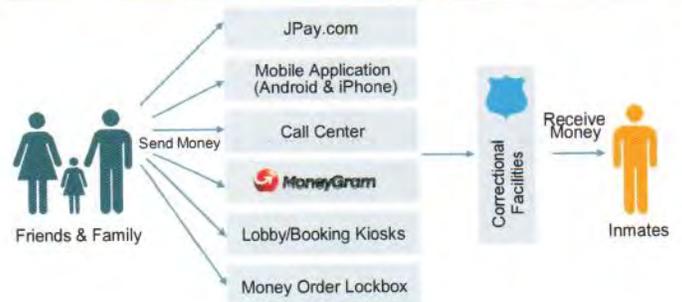
### 2014 Key Metrics

State Clients	29
County Clients	18
Offenders Served	2.3 million
Adoption Rate	~31%
Number of Transfers	~7.5M
Transfer Volume	~525M
Average \$ per Transfer	~\$70.00

### Payments Revenue Growth



### Transaction Process Detail



# Communication: Email

## Seamless Electronic Communication

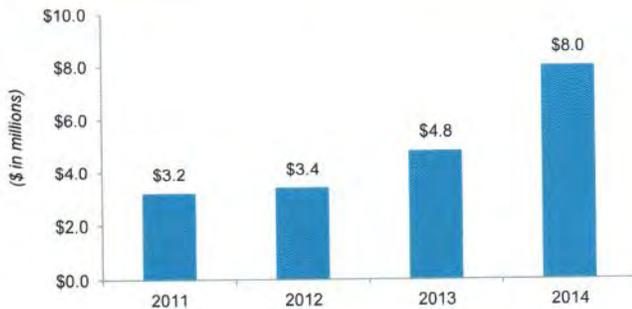
### Overview

- Inbound email allows friends and family to send emails, add photo attachments and send short VideoGrams to inmates
- Outbound email enables inmates to respond directly from a kiosk or tablet
- Email messages are received by inmates usually within hours
- Each 5,000 character email costs one JPay stamp
- Photo attachments and VideoGrams cost additional stamps
  - Inmates and customers can participate by purchasing a JPay stamp package using a credit/debit card

### 2014 Key Metrics

State Clients	17
Inmates Served	500,000
Revenue	\$8.5 million

### Email Revenue Growth



### Email



Friends & Family



Android & iPhone



JPay.com



Inmates



Kiosk



JP4

# Communication: VideoGram™

## Streamlined Inmate Communications

### Overview

- VideoGrams are 30 second video clips transferred between friends and family and inmates
- Friends and family create the video clip from JPay's smartphone app (iPhone and Android)
- Inmates view and respond from the kiosk and a video conversation ensues
- VideoGrams alleviate scheduling issues and has become very popular
- Recently deployed in the state prison systems of Indiana, Ohio, North Dakota, Kansas, Washington

### 2014 Key Metrics

State Clients	5 <sup>1</sup>
Total VideoGrams	60,000
\$ per VideoGram	\$0.90



Friends & Family



Inmates

<sup>1</sup> Several agencies in pilot phase

# Digital Media: Music

## Robust Media Library

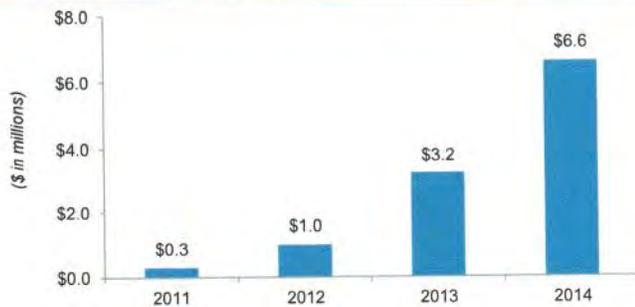
### Overview

- Offers a digital media library through kiosks where inmates can browse, preview and download music
  - Access to over 11 million songs updated daily through JPay's proprietary music store
- Digital media is downloaded, stored and consumed by inmates from the JP4 mini tablet
  - The JP4 mini tablet comes with an alarm clock, FM radio, photo keeper, and free games
  - Lightweight, made of clear plastic casing, built to withstand abnormal wear and tear

### 2014 Key Metrics

State Clients	9
JP4 Devices Sold	56,000
Songs Downloaded	4.3 million

### Music Revenue Growth



### Music Process Detail

Browse, Purchase and Download Music



JPay Inmate Kiosk



Connect via USB cable



Tablet

# Digital Media: eBooks

## Robust eBook library

### Overview

- eBook Reader app enables inmates to preview, buy and store thousands of books
- eBooks are available in several languages including Spanish, French, Russian and German
- A text-to-speech capability built into the device can transform eBooks into audio books, ideal for inmates with literacy limitations
- Flexible size, brightness and other viewing features

### 2014 Key Metrics

State Clients	1 <sup>1</sup>
Total eBooks Downloaded	9,500
\$ per eBook	\$1.00 – \$29.99

<sup>1</sup> State in pilot phase



## Digital Media: Education

### Changing the prison systems from the inside out

JPay's education product offers a host of non-degree, free coursework material as well as degree-seeking opportunities including high school and college level courses

- Leverages secure, tablet-based content delivery that increases the availability, scale and variety of existing educational programs
- Includes coursework from Ashland University, Khan Academy, GED Prep, non-profit and government funded material
- Coursework and materials are loaded remotely by educators and content providers
- The content is then available to any inmate from the kiosk in his living unit
- Inmates with tablets can download the material, learn in their cells and then upload coursework for professors to grade

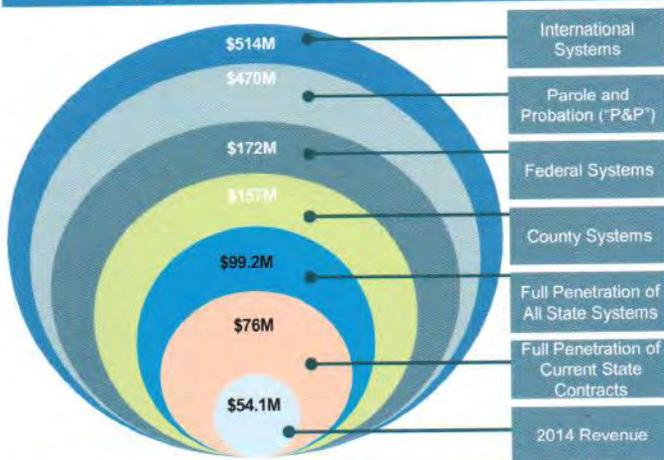


# Industry Overview

# Multiple Revenue Opportunities

## Multiple Target Markets with Robust Growth Opportunities for All Product

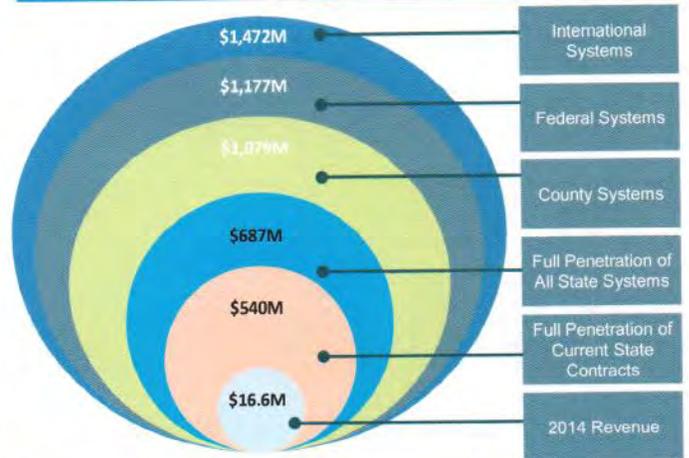
### Payments Market Opportunity



System	Inmates (m)	Transactions/Inmates	Revenue/Transaction	Total Revenue (m)
State	1.4	12	\$6.00	\$99
County	0.8	12	6.00	58
Federal	0.2	12	6.00	15
P&P	5.0	12	5.00	298
International <sup>1</sup>	0.6	12	6.00	44
<b>Total Market</b>	<b>7.9</b>	<b>12</b>	<b>\$6.00</b>	<b>\$514</b>

1 Communication Includes: email, video, vod, im  
 2 Media Includes: music, eBooks, other

### Communications and Digital Media Market Opportunity



System	Inmates (m)	Communication <sup>1</sup> Revenue (m)	Media <sup>2</sup> Revenue (m)	Total Revenue (m)
State	1.4	\$444	\$243	\$687
County	0.8	254	139	393
Federal	0.2	63	35	98
International	0.6	190	104	294
<b>Total Market</b>	<b>3.0</b>	<b>\$951</b>	<b>\$521</b>	<b>\$1,472</b>

# Competitive Differentiation

The acquisition of JPay results in a comprehensive communication and tech-enabled solution provider

	   			Competitors		
						
Commentary	<ul style="list-style-type: none"> <li>Comprehensive payments, communications and digital media service provider to state, federal and county correctional facilities</li> </ul>	<ul style="list-style-type: none"> <li>Offers communication and information management solutions</li> <li>Prepaid phone cards</li> </ul>	<ul style="list-style-type: none"> <li>Partners with providers or delivers additional complementary corrections solutions</li> </ul>	<ul style="list-style-type: none"> <li>Primarily commissary distribution provider</li> <li>Partners with providers or delivers additional complementary corrections solutions</li> </ul>	<ul style="list-style-type: none"> <li>Offers communication solutions and inmate phone and offender management systems</li> </ul>	<ul style="list-style-type: none"> <li>Phone company, with increasing technology capabilities</li> <li>Offers phone and video mostly to county jails</li> </ul>
JPay's Core Products:						
Money Transfer Licensed	●	●	●	●	●	●
Communications	●	●	●	●	●	●
Digital Media	●	●	●	●	●	●
Other Products Marketed to Corrections:						
Commissary & Ordering	●	●	●	●	●	●
Phones	●	●	●	●	●	●

● Core Focus    ● Partial Capability    ● No Offering

# Complimentary Geographic Footprints

**Securus and JPay overlap in only 11% of the markets they serve<sup>(1)</sup>**

## Payments

1. Arizona
2. Connecticut
3. Florida
4. Illinois
5. Kentucky
6. Louisiana
7. North Dakota
8. Pennsylvania
9. Texas

## Communications

1. Kentucky
2. Louisiana
3. North Dakota
4. Pennsylvania
5. Texas

## Digital Media

1. Louisiana
2. North Dakota

**Low overlap in the geographies of both Securus and JPay provides a significant opportunity to expand the products of both companies into a larger and, as-of-yet, unpenetrated base**

<sup>1</sup> Calculation assumes a total market size of 150 (50 states x 3 key products). Areas of overlap is the sum of common states for each of the 3 key products (9 + 5 + 2).

## Financial Results

## Summary Income Statement - JPay

(\$ in 000s)	2011	2012	2013	2014
<b>Revenue</b>				
Payments	\$26,735	\$31,543	\$40,531	\$53,913
Communications	3,159	3,409	4,960	8,519
Media	514	1,146	4,375	7,971
New Products	-	-	-	-
<b>Total Revenue</b>	<b>\$30,408</b>	<b>\$36,096</b>	<b>\$49,866</b>	<b>\$70,403</b>
% Growth	29.3%	18.7%	38.1%	41.2%
<b>Cost of Sales</b>				
Merchant bank discount fees	\$7,206	\$6,399	\$7,390	\$9,584
Salaries, payroll taxes & benefits	2,404	6,167	6,977	8,281
Agency commissions	2,536	3,061	4,898	7,078
Media product and download costs	570	1,270	3,092	5,100
Other	7,402	6,038	6,331	8,630
<b>Total Cost of Sales</b>	<b>\$20,117</b>	<b>\$22,935</b>	<b>\$28,689</b>	<b>\$38,673</b>
<b>Gross Profit</b>	<b>\$10,291</b>	<b>\$13,161</b>	<b>\$21,177</b>	<b>\$31,729</b>
Gross Margin %	33.8%	36.5%	42.5%	45.1%
Selling, General & Administrative Expenses	\$11,063	\$12,089	\$15,774	\$17,861
% of Revenue	36.4%	33.5%	31.6%	25.4%
<b>Total Operating Expenses</b>	<b>\$31,180</b>	<b>\$35,024</b>	<b>\$44,463</b>	<b>\$56,534</b>
<b>Reported EBITDA</b>	<b>\$520</b>	<b>\$709</b>	<b>\$5,499</b>	<b>\$14,783</b>
Reported EBITDA Margin %	1.7%	2.0%	11.0%	21.0%

# Agenda

Transaction  
Overview

Securus

JPay

Public Q&A

# Appendix

## Summary Historical Financials - Securus

<i>(\$ in millions)</i>	2010	2011	2012	2013	2014
<b>Total Gross Revenue</b>	<b>\$330.1</b>	<b>\$320.5</b>	<b>\$340.2</b>	<b>\$366.7</b>	<b>\$404.6</b>
<i>% Growth</i>	<i>(3.1%)</i>	<i>(2.9%)</i>	<i>6.1%</i>	<i>7.8%</i>	<i>10.3%</i>
<b>Gross Profit</b>	<b>\$120.4</b>	<b>\$132.0</b>	<b>\$145.4</b>	<b>\$159.2</b>	<b>\$206.7</b>
<i>Gross Margin % (of gross revenue)</i>	<i>36.5%</i>	<i>41.2%</i>	<i>42.7%</i>	<i>43.4%</i>	<i>51.1%</i>
<b>Adj. EBITDA<sup>(1)</sup></b>	<b>\$59.7</b>	<b>\$68.6</b>	<b>\$78.5</b>	<b>\$87.0<sup>(2)</sup></b>	<b>\$114.6<sup>(2)</sup></b>
<i>Adj. EBITDA Margin % (of gross revenue)</i>	<i>18.1%</i>	<i>21.4%</i>	<i>23.1%</i>	<i>23.7%</i>	<i>28.3%</i>
<b>Capital Expenditures</b>	<b>\$19.4</b>	<b>\$22.6</b>	<b>\$24.6</b>	<b>\$23.3</b>	<b>\$32.6</b>
<i>% of gross revenue</i>	<i>5.9%</i>	<i>7.1%</i>	<i>7.2%</i>	<i>6.3%</i>	<i>8.1%</i>
<b>Adj. EBITDA less Capital Expenditures</b>	<b>\$40.2</b>	<b>\$46.0</b>	<b>\$54.0</b>	<b>\$63.8</b>	<b>\$82.0</b>
<i>% of gross revenue</i>	<i>12.1%</i>	<i>14.4%</i>	<i>16.0%</i>	<i>17.0%</i>	<i>20.0%</i>

<sup>1</sup> Adjusted for addbacks per credit agreement

<sup>2</sup> Adjusted for Vanu license and GSSC acquisition in 2014; adjusted for 3ci Software and consolidated acquisitions in 2013

# **Attachment 6**

# VIDEO VISITATION:

## HOW PRIVATE COMPANIES PUSH FOR VISITS BY VIDEO AND FAMILIES PAY THE PRICE

OCTOBER 2014



**grassroots  
leadership**  
*helping people gain power*



TEXAS CRIMINAL  
JUSTICE COALITION

## INTRODUCTION

"There are already too many industries taking advantage of inmates and their families, everything from overpriced commissary goods to incredibly expensive collect phone calls. We don't need any more of these great, and expensive, ideas that prey on those who can least afford it."<sup>1</sup>

—Bob Ray Sanders, Columnist, Ft. Worth Star Telegram

In September 2014, a group of Dallas-area advocates led a fight against an initiative that would have introduced video visitation capability to the Dallas County jail. The company proposing to provide services to Dallas had buried in its contract a requirement that the jail eliminate in-person visitation, thus leaving those who wished to visit prisoners only one option – visit by video. Or, don't visit at all. Dallas officials voted the proposal down, but it was the latest front in a battle that has seen video-only visitation policies spreading across the country, primarily in local lockups.

Embraced by jail officials as a way to alleviate what many see as the burdensome security aspects of prison visitation, the primary attraction of video-only visitation actually rests on one facet: money.

While prison advocates have long anticipated the technology that would allow for video visits as a way to increase communication between incarcerated individuals, their family, and community members, it was always envisioned as a supplement to in-person visitation. The reality of incarceration is that many individuals are assigned to units in rural communities, far away from their loved ones, burdening mostly low-income families with travel and lodging expenses far beyond their means. When one's family does not have a vehicle, lives hundreds of miles away, and simply cannot afford the trip, a visit via video would be welcomed.

But advocates always envisioned a choice for families with incarcerated loved ones as to whether or not they would make those sacrifices in order to support them – a choice that should be left in the hands of those with the most stake in the matter. Video-only visitation policies strip away that choice; they are simply another outgrowth of the idea that offering services to prisoners and their families can be commercialized.

In fact, video visitation can be expensive for "visitors," with fees averaging 50 cents per minute for a 20-minute call. While this may seem reasonable, video provider companies likely realize that the ease with which some can schedule a video visit means that more will be scheduled, and

skyrocketing costs (in the form of income for companies) will follow. In addition, many companies require a minimum deposit for opening a video account and do not readily refund the balance if a prisoner is released.

In addition to this troubling aspect of visitation policies, they pose other significant challenges

- **Disruptions to Family Bonding:** Prison and jail visitation policies should recognize that family support is crucial to maintaining the relationships between those incarcerated and those who love them, especially as it pertains to developing and maintaining bonds between parents and children. Every available study agrees: Best practices for developing those bonds involve in-person visitation, preferably contact.

- **Removal of Management Tool:** Prison and jail administrators have long recognized that visitation can be a powerful management tool. Incarcerated individuals treasure those times with their family and friends, and corrections officials have always used the threat of losing visits as an incentive for good behavior. Taking away that tool may make jails and prisons less secure, as data from Travis County, Texas, indicates, with violence and contraband *escalating* a year after the elimination of in-person visits.



- **Usage Difficulties due to Digital Divide:** Using the technology requires computer literacy, which becomes a barrier for many desiring to use the service. Even those with a firm grasp of computer technology report frustration dealing with the many glitches and interruptions of service. Given the demographics of those in American jails and prisons – poor, mostly minority, a significant portion of whom speak Spanish as a first language – this technology may prevent any meaningful communication.
- **Privacy Violations:** Finally, there is evidence that phone calls between them and their attorneys are being recorded, and that prosecutors are using evidence gained from jail-initiated calls and video visits to secure convictions. This is a constitutional violation of the right to be free of unreasonable searches, and it may lead to unnecessary legal expenses to municipalities in the form of lawsuits against the practice itself or appeals of convictions gained by questionable means.<sup>2</sup>



## THE BENEFITS OF IN-PERSON PRISON AND JAIL VISITATION

"Corrections administrators should be cognizant that traditional contact visitation is the best means of communication between children and their incarcerated parent; however, in many circumstances it is impractical for families to visit their loved ones in prison.

Virtual visitation helps if the prison is too far, transportation is too expensive, or the prison environment is inappropriate for a child. In-person visitation is regarded as the most effective form of child-incarcerated parent visitation."<sup>2</sup>

—Vermont Legislative Research Services

The American Bar Association (ABA), in its Standards on Treatment of Prisoners, makes it clear that visitation policies for incarcerated individuals should include

in-person visits. The ABA emphasizes that correctional officials should "develop and promote other forms of communication between prisoners and their families, including video visitation, *provided that such options are not a replacement for opportunities for in-person contact.*"<sup>3</sup>

Jail visits can be chaotic. Visiting rooms are often crowded and noisy. Visitors can be subjected to physical pat-downs and searches of their bodies and vehicles. The experience of walking under the razor wire and through metal detectors, and then seeing one's loved one only behind glass, can be disheartening and leave one shaken. These factors can be especially unsettling for young children.

And already, children of incarcerated parents face challenges. In fact, for the estimated 2.6 million children who have a parent in jail or prison,<sup>4</sup> the separation between child and parent due to incarceration can result in feelings of guilt and shame, social stigma, loss of financial support, weakened ties to the parent, poor school performance, increased delinquency, and increased risk of abuse or neglect. Visitation, as one paper points out, "substantially decreases the negative impacts of incarceration by preserving the child's relationship with the parent."<sup>6</sup> This study further points to the Children of Incarcerated Parents Bill of Rights, developed by the San Francisco Partnership for Incarcerated Parents, which states, "I have the right to speak with, see, and touch my parent."<sup>7</sup>

In-person visitation not only has positive effects on visiting children; it has benefits to society in the form of lowered recidivism rates. A Minnesota study looked at over 16,000 incarcerated individuals between 2003 and 2007 and examined visitation over their entire sentences, finding that *even one* visit reduced recidivism by 13 percent for new crimes and by 25 percent for technical violations.<sup>8</sup> It is worth pointing out that every one of these visits was conducted face-to-face and in person.

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## GROWING RESTRICTIONS ON IN-PERSON VISITATION AT THE COUNTY LEVEL

Restrictions on visitation vary enormously from state to state, and there is a continuum within each state, allowing for more or less visits depending on a given individual's disciplinary history, security classification, and other factors. North Carolina state prisons allow a maximum of one visit per week for a maximum of two hours, while New York prisons allows visits 365 days per year, along with providing for conjugal visits. South Dakota prisons allow incarcerated individuals to visit only with family members, but California permits individuals in its prisons to list an unlimited number of visitors.

However, there is one area where all 50 states agree: Each allows in-person visitation, and not one has mentioned a policy shift toward replacing in-person visitation with video-only visits. While seven states provide for a type of video visitation in their policy directive, and another 11 have begun some type of program without mention in their regulations,<sup>9</sup> these video visits are supplemental to in-person visits.

It is curious that county jails – with a preponderance of individuals who have not been convicted, and whose security concerns are not as dire as those of prisons – are the entities most likely to cite security concerns as a rationale for denying in-person visits to family and friends. Why aren't state prison systems similarly moving to eliminate in-person visitation, even non-contact visitation? Aren't their security concerns deeper than those of counties, since every person in a state prison has been convicted of a felony and has received a prison sentence, while those in county jails have not?

Perhaps there is a clue in the above-cited study of visitation in the 50 states: Reducing visits "may not provide as strong a disincentive to disciplinary infractions in the prison, *thereby decreasing rather than increasing* security in correctional facilities."<sup>10</sup> In other words, from a prison administrator's point of view, the basis for in-person visitation in prisons is that their existence makes for safer prisons. Take that away and it may well be that individuals with little to look forward to will be harder to manage.

That is what seems to have happened in Travis County, Texas.

# DOES LIMITING IN-PERSON VISITATION DECREASE VIOLENCE AND CONTRABAND?

## A CASE STUDY ON TRAVIS COUNTY, TEXAS

While Dallas County and Bexar County (which includes San Antonio) have begun to examine video-only visitation, Travis County (which includes Austin) made that leap in May 2013. Although the proposal to introduce video visitation was made to the county commissioners as a way to augment in-person visitation, jail officials quietly eliminated all visits other than those conducted via video conference. And, as jail officials elsewhere have claimed, Travis County jail administrators promised that eliminating in-person visits would increase jail security and reduce contraband and free up guards for other duties.

These promises were tested through an Open Records Request, made in July 2014, which sought answers to the following questions:

- How many inmate-on-inmate and inmate-on-staff assaults had occurred at the jail the year since the policy began?
- How many inmate-on-inmate and inmate-on-staff assaults had occurred at the jail the year previous to introducing the policy, with in-person visiting options available?
- How many possession of contraband cases had the jail assessed the year since the policy began, and how many had it assessed the year previous to instituting the policy, with in-person visits in place?
- How many total disciplinary cases had jail officials assessed in the year the policy had been in place, and how many had it assessed the year previous to instituting the policy, with in-person visits in place?

The results were enlightening (*see Appendix i, ii, and iii for details*). Total disciplinary infractions and incidents **increased**, as did assaults, within the year after the elimination of in-person visitation. Possession of contraband infractions also increased. To be more specific:

- Disciplinary infractions in the Travis County Correctional Complex **climbed** from approximately 820 in May 2012 to 1,160 in April 2014. The facility **averaged** 940 disciplinary infractions per month during the prior year and it has **averaged** 1,087 disciplinary infractions per month since then.
- Disciplinary cases for possession of contraband in the facility **increased** an overall 54 percent from May 2013 through May 2014.
- Inmate-on-inmate assaults saw a 20 percent **increase** between May 2012 and May 2014.

Most troubling, inmate-on-staff assaults immediately **doubled** after elimination of in-person visits, going from three in April 2013 to six in May 2013, climbing to seven in July 2013, and topping out at eight in April 2014, with slight declines in between.

It may well be that these figures are an aberration, and that they will trend downward in subsequent years. Other Texas counties with video-only visitation policies have not yet responded to Open Records Requests, and it may be that these results are not replicated.

However, it is also fair to point out that supporters of video-only visitation policies have not researched or uncovered any positive effects that result from these policies in other jurisdictions, instead preferring to defer to optimistic predictions from jail officials. But it is beyond debate that the incidents of violence and contraband have not been reduced at the Travis County Jail as a result of this policy.

**If social scientists agree that in-person visitation is best for families, and if prison administrators maintain that in-person visitation is good prison policy, why is there such movement toward stripping incarcerated individuals of that privilege and adopting video-only visitation policies?**



# MONEY, MONEY, MONEY

"Dollar bills, y'all."

"For the love of money" – *The O'Jays*.

Dr. Patrice Fulcher, a tenured Associate Professor at the John Marshall Law School in Atlanta, Georgia, has written extensively on visitation policies and does not mince words when describing the reasons behind the push for video visitation. Fulcher blames the "Prison Industrial Complex,"<sup>11</sup> which she describes as a "multimillion-dollar profiteering industry that is driven by the greed of private corporations, the federal government, federal, state, and private correctional institutions, and politicians."<sup>12</sup>

If you think that is an exaggeration, consider the following:

- By their very nature, private companies that contract with jails and prisons depend on an increasing flow of prisoners. Corrections Corporation of America (CCA) and GEO Group spend millions each year on state, local, and federal lobbying.<sup>13</sup> They recognize, and are not shy about telling their investors, that their bottom line can be "adversely affected by the relaxation of enforcement efforts, leniency in conviction or parole standards and sentencing practices or through the decriminalization of certain activities that are currently proscribed by criminal laws."<sup>14</sup>
- These same companies demand that their prisons be kept between 80 to 100 percent full, causing some states with declining prison populations to divert prisoners from public prisons to private facilities just to fulfill their contracts.<sup>15</sup>
- In the Master Services Agreement that outlined the proposal from Securus Technologies to Dallas County to provide video visitation technology and support, the company stipulated that Dallas County would "eliminate all face-to-face visitation through glass or otherwise at the Facility and will utilize video visitation for all non-professional on-site visitors" (see *Appendix iv*, p. 15). Securus was demanding that Dallas County structure its visitation policies in a way that would maximize its access to individuals in the jail. And Dallas County Commissioners were ready to agree, willing to cede control of the jails visitation policy for the \$3.5 million that Securus was guaranteeing.
- Also in the Agreement, Securus required Dallas County to "reduce on-site [video] visitation availability to no more than twenty hours per week" (see *Appendix iv*, p. 15). This meant that the only avenue the thousands of visitors to the Dallas County jail had in order to be allowed a free video visit was to take advantage of that 20-hour window. Not content, Securus went on to demand that Dallas County would "further reduce on-site visitation hours to achieve minimum usage results of one (1) remote paid visit per inmate per month" (see *Appendix iv*, p. 15).
- Although one remote visit per month was Securus' initial goal, the company also stipulated that Dallas County would forfeit its 20 percent commission from video visitation if the average monthly video visits per inmate did not reach 1.5 visits per month. But Securus offered carrots along with the stick. The contract provided incentives to Dallas County if it successfully pushed incarcerated individuals to schedule more video visits, upping its percentage of commissions to 22.5 percent if inmates averaged two video visits per month and 25 percent of commissions if inmates averaged three video visits per month (see *Appendix iv*, p. 18).
- According to a recent article in the Los Angeles Times, Global Tel-Link, which provides the L.A. County jails with its video visitation services, guarantees L. A. County \$15 million yearly for undisputed access to the incarcerated individuals.<sup>16</sup>
- Travis County received \$1.6 million from Securus as pre-paid commissions in October 2007 from its telephone contract, and the County is paid 23 percent of all gross revenue that Securus received from its monopoly on video visitations (see *Appendix v*, p. 3).



## CONCLUSION

The cycle that begins when poor people are arrested goes thusly: They cannot afford bail or bond so they await trial in jail, they lose their low-paying jobs, their families are forced to scramble because of the lost income, and, as Fulcher points out, "the money depleted from families of incarcerated inmates is excessive from the onset, and may increase exponentially every day their loved one is in custody."<sup>17</sup>

Throughout the incarceration experience, there has existed one constant for those involved – the prospect of visits from friends and family, who take it upon themselves to plan and save and endure the indignities of entering a jail or prison to deliver the message: You may have made a mistake, but you are part of our family and community, and you are loved.

The corporations and privately held companies that have decided to pursue profits from this marginalized population are quick to see and seize

money-making opportunities, and they are indifferent to appeals rooted in what is best for the public interest. But, as in all matters involving the criminal justice system, it is the government's responsibility to enact policies that are fair, just, and humane, and that will ensure incarcerated individuals will return to society with their dignity and relationships as intact as possible.

Video-only visitation policies ignore best practices that call for face-to-face visits to foster family relationships. They advance arguments about security that are dubious, not rooted in research, and may be counter-productive. They rely largely on payment from those who have not been convicted of a crime, who are without funds for representation or freedom, and who now must pay for simple human contact. These policies are unconscionable and deserve no place in American corrections facilities.

## TEXAS COUNTIES THAT OFFER OR ARE CONSIDERING VIDEO-ONLY VISITATION POLICIES

County	Video-Only In Place	Considering	Company Offering
Galveston	Since 2008	--	
Fort Bend	Since 3/2009	--	Securus
Brazos	Since 2010	--	
Midland	Since 6/2011	--	
Travis	Since 5/2013	--	Securus
Hays	Since 11/2013	--	Securus
Tom Green	Since 4/2014	--	Edge Access
Ellis	Yes	--	
McLennan	Yes	--	
Smith	Yes	--	
Bastrop		Plans to initiate 11/2014	
Bexar	--	Vote before Commissioner's Court	
Dallas	--	Initially rejected, but another vote planned	Securus

## RECOMMENDATIONS

1. Immediately restore in-person visitation at the Travis County Jail, and work with advocates and appropriate entities to make policy change that allows for contact visits in the future. Prisoners at Travis County Jail should have access to the highest level of visitor contact allowed by law.
2. Stop eavesdropping on prisoners' conversations using Securus video conferences or any other communications technologies.
3. Eliminate all commissions from the fees levied for Securus services, thereby reducing the fees for families and loved ones; revenue from use of the service should not be used to line corporate pockets.
4. Address pressing technical problems with the Securus video service that hinder access to communication between prisoners and their loved ones.

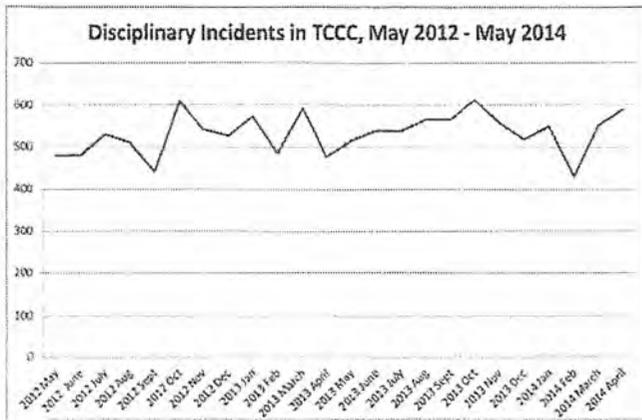
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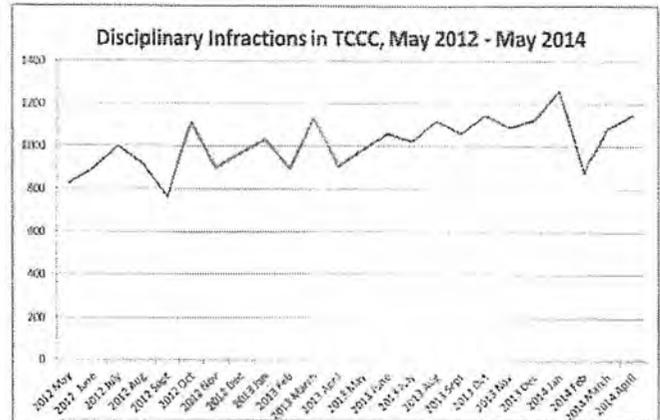
# APPENDIX I, DISCIPLINE

Travis County Correctional Discipline Reports, May 2012 - April 2014

Year/Month	Disciplinary Incidents	Disciplinary Infractions
2012 May	479	828
2012 June	481	897
2012 July	530	1003
2012 August	510	919
2012 September	440	763
2012 October	610	1114
2012 November	542	900
2012 December	527	969
2013 January	573	1033
2013 February	486	898
2013 March	593	1136
2013 April	476	905
2013 May	515	987
2013 June	539	1060
2013 July	537	1026
2013 August	566	1121
2013 September	566	1060
2013 October	612	1146
2013 November	557	1090
2013 December	518	1127
2014 January	550	1262
2014 February	431	880
2014 March	551	1084
2014 April	590	1150



23.17 percent increase May 2014 versus May 2012

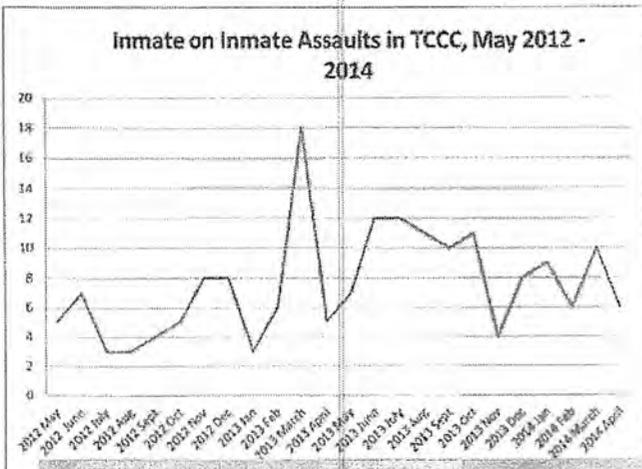


38.88 percent increase May 2014 versus May 2012

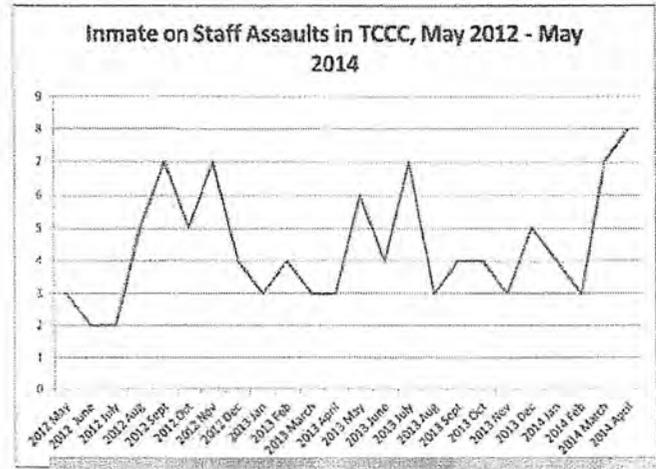
# APPENDIX II, ASSAULTS

## Travis County Correctional Assault Reports, May 2012 - April 2014

Year/Month	Inmate on Inmate Assaults	Inmate on Staff Assaults
2012 May	5	3
2012 June	7	2
2012 July	3	2
2012 August	3	5
2012 September	4	7
2012 October	5	5
2012 November	8	7
2012 December	8	4
2013 January	3	3
2013 February	6	4
2013 March	18	3
2013 April	5	3
2013 May	7	6
2013 June	12	4
2013 July	12	7
2013 August	11	3
2013 September	10	4
2013 October	11	4
2013 November	4	3
2013 December	8	5
2014 January	9	4
2014 February	6	3
2014 March	10	7
2014 April	6	8



20 percent increase May 2014 versus May 2012

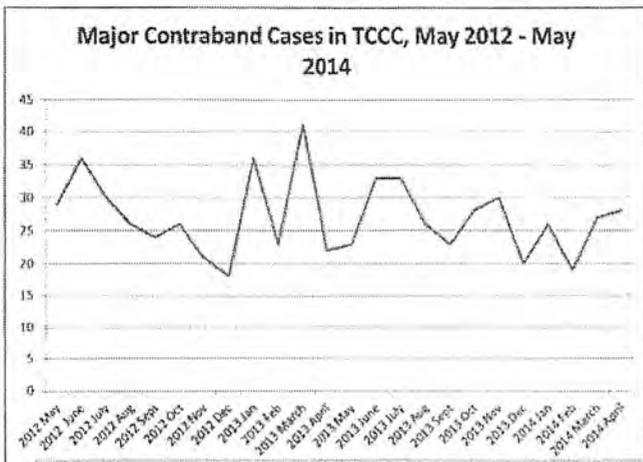


166.66 percent increase May 2014 versus May 2012

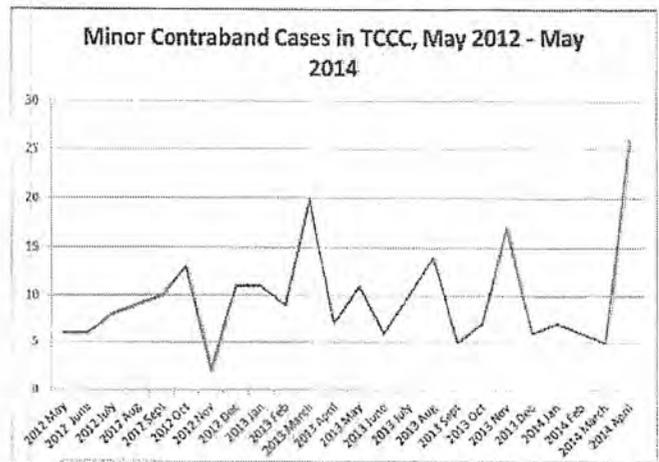
# APPENDIX III, CONTRABAND

## Travis County Correctional Contraband Reports, May 2012 - April 2014

Year/Month	Major Contraband	Minor Contraband
2012 May	29	6
2012 June	36	6
2012 July	30	8
2012 August	26	9
2012 September	24	10
2012 October	26	13
2012 November	21	2
2012 December	18	11
2013 January	36	11
2013 February	23	9
2013 March	41	20
2013 April	22	7
2013 May	23	11
2013 June	33	6
2013 July	33	10
2013 August	26	14
2013 September	23	5
2013 October	28	7
2013 November	30	17
2013 December	20	6
2014 January	26	7
2014 February	19	6
2014 March	27	5
2014 April	28	26



3.44 percent decrease May 2014 versus May 2012



333.33 percent increase May 2014 versus May 2012

Overall increase of 54.28 percent in contraband cases May 2014 versus May 2012

# APPENDIX IV, SECURUS SERVICE AGREEMENT

(This reflects the first page of the agreement - the entire document can be found at: <http://grassrootsleadership.org/research.html>)



## Master Services Agreement Dallas County (TX)

This Master Services Agreement ("Agreement") is by and between Dallas County, Texas ("County"), a political subdivision of the State of Texas acting by and through the Dallas County Commissioners Court, and Securus Technologies, Inc. ("Provider"), a Delaware corporation that is a wholly owned subsidiary of Securus Technologies Holdings, Inc., also a Delaware corporation. This Agreement resulted from negotiations between County and Provider under County's Request for Proposals No. 2014-017-6399 ("RFP"). County and Provider are referred to herein collectively as the "parties" and individually as a "party." This Agreement supersedes any and all other oral or written agreements, if any, between the parties and shall be effective as of the last date signed by either party (the "Effective Date").

Whereas, County desires that Provider install an inmate telecommunication system, and provide telecommunications and maintenance services according to the terms and conditions in this Agreement, and according to the Schedule and Work Orders, which are incorporated by reference into this Agreement; and

Whereas, Provider agrees to install the inmate telecommunications system and provide telecommunications and maintenance services according to the terms and conditions in this Agreement, and according to the Schedule and Work Orders, which are incorporated by reference into this Agreement; and

Whereas, the following attachments are incorporated by reference into this Agreement and are made a part of this Agreement as if set forth in their entirety herein:

Attachment A – County RFP No 2014-017-6399

Attachment B – Provider's Proposal for RFP, except portions that Provider marked "proprietary" or "confidential"

Attachment C – Provider's Best and Final Offer ("BAFO") for RFP

Attachment D – Provider's Response to County's Ten (10) Additional Questions during BAFO Process for RFP

Attachment E – Time Schedule for Implementation of Inmate Telecommunications System

Attachment F – Time Schedule for Implementation of Inmate Video Visitation System

The Customer's election of either (but not of both) Option A - Cost Recovery as Related to Operations and Administrative Expenses or Option B - Reduced Cost to Public No Commission.

Whereas, Provider and County acknowledge that while the portions in "Attachment B" that are marked "proprietary" or "confidential" will be redacted ("Redacted Portions") in the copy of this Agreement that is filed with the Dallas County Clerk, the "Redacted Portions" will remain part of this Agreement and Provider is equally responsible for the performance of those portions of this Agreement; and

**WHEREAS, PROVIDER WILL PROVIDE ALL OF THE SERVICES AND APPLICATIONS THAT ARE REFERENCED IN THIS AGREEMENT, INCLUDING ANY ATTACHMENTS, AT THE RATES SPECIFIED, AND IN ACCORDANCE WITH THE REPRESENTATIONS MADE, IN "ATTACHMENT C" AND "ATTACHMENT D."**

Now therefore, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

- 1. Applications.** This Agreement specifies the general terms and conditions under which Provider will perform certain inmate-related services and applications (the "Application(s)") for County. Additional terms and conditions with respect to the Applications will be specified in the schedules entered into by the parties and attached hereto (the "Schedules"). The Schedules are incorporated into this Agreement and are subject to the terms and conditions of this Agreement. In the event of any conflict between this Agreement and a Schedule, the terms of the Schedule shall govern. In the event of any conflict between any two Schedules for a particular Application, the latest in time shall govern.
- 2. Use of Applications.** County hereby grants Provider the exclusive right and license to install, maintain, and derive revenue from the Applications through Provider's inmate systems (including, without limitation, the related hardware and software) (the "System") located in and around the inmate confinement facilities identified on the Schedules (the "Facilities"). County is responsible for the manner in which County uses the Applications. Unless expressly permitted by a Schedule or separate written agreement with Provider, County will not resell the Applications or provide access to the Applications (other than as expressly provided in a particular Schedule), directly or indirectly, to third parties. During the term of this Agreement and subject to the remaining terms and conditions of this Agreement, Provider shall be the sole and exclusive provider of inmate related communications, including but not limited to voice, video and data (phone calls, video calls, messaging, prepaid calling cards, and e-mail) at the Facilities in lieu of any other third party providing such inmate communications, including without limitation, County's employees, agents or subcontractors.
- 3. Compensation and Fiscal Funding Clause.** Provider will be responsible for payment of all expenses and fees associated with the Performance of this Agreement, including but not be limited to wages, salaries, labor, services, materials, supplies, transportation, communications, licensing and inspection, taxes, insurance, and bonds. Compensation for each Application, if any, and the applicable payment addresses are as stated in the Schedules; however, both parties acknowledge that this Agreement is revenue generating and therefore, Provider will not pass any costs on to County. The compensation for each Application will not change during the Term of this Agreement. Provider acknowledges that County's obligations under this Agreement are expressly contingent upon the availability of funding for each item and

# APPENDIX V, SECURUS CONTRACT MODIFICATION

(This reflects the first page of the contract modification - the entire document can be found at <http://grassrootsleadership.org/research.html>)

MODIFICATION OF CONTRACT NO 07T00173VC for Inmate Pay Phone Services			PAGE 1 OF 12 PAGES
ISSUED BY	PURCHASING OFFICE 700 LAVACA, 8 <sup>th</sup> FLOOR AUSTIN, TX 78701	PURCHASING AGENT ASST. Scott Wilson TEL NO (512) 854-9700 FAX NO (512) 854-9185	DATE PREPARED February 17, 2012
ISSUED TO Securus Technologies, Inc. Attn: Robert Pickens 14651 Dallas PKWY, Ste. 600 Dallas, Texas 75254	MODIFICATION NO. 7		EXECUTED DATE OF ORIGINAL CONTRACT. August 28, 2007
ORIGINAL CONTRACT TERM DATES: <u>October 1, 2007 through September 30, 2008</u>		CURRENT CONTRACT TERM DATES: <u>November 1, 2011 through October 31, 2012</u>	
<b>FOR TRAVIS COUNTY INTERNAL USE ONLY</b>			
Original Contract Amount: \$ <u>1,600,000</u>		Current Modified Amount \$ _____	
<p><b>DESCRIPTION OF CHANGES:</b> Except as provided herein, all terms, conditions, and provisions of this document referenced above as heretofore modified, remain unchanged and in full force and effect.</p> <p>This modification is made by Securus Technologies, Inc. ("Contractor") and Travis County, Texas ("County").</p> <p style="text-align: center;"><b>Recitals</b></p> <p>When County distributed a Request for Proposals (RFP # P070173-VC) from qualified companies for the delivery of inmate and public pay telephone services and other communications services for the Travis County Jail System, Contractor submitted the proposal that was determined to be the best evaluated offer for inmate and public pay telephone services and other communications services for the Travis County Jail System.</p> <p>The Contractor has offered to implement an Automated Information Service for the Travis County Sheriff's Office in consideration for the County's increase in the County's options to extend this contract without solicitation from four to eight. The functionality Contractor has offered is to be integrated with the existing County systems. Now, therefore, the Contractor and County agree as follows:</p> <p style="text-align: center;"><b>Amendment</b></p> <p>1. AMENDMENT OF DEFINITIONS. Pursuant to Attachment D, section 12, effective October 1, 2011, section 1.1 is amended by adding the following definitions at the location noted below:</p> <p style="padding-left: 40px;">1.1 The definition of "Annual Option" is inserted at the beginning of 1.0 DEFINITIONS:</p> <p style="padding-left: 40px;">1.05 "Annual Option" means the County's unilateral right to extend this contract for the number of additional one (1) year terms listed in 2.2.</p>			
<p>Note to Vendor:</p> <p><input checked="" type="checkbox"/> Complete and execute (sign) your portion of the signature block section below for all copies and return all signed copies to Travis County.</p> <p><input type="checkbox"/> DO NOT execute and return to Travis County. Retain for your records.</p>			
LEGAL BUSINESS NAME: <u>Securus Technologies, Inc.</u> BY: <u>[Signature]</u> SIGNATURE BY: <u>Robert Pickens</u> PRINT NAME TITLE: <u>COO</u> ITS DULY AUTHORIZED AGENT		<input type="checkbox"/> DBA <input type="checkbox"/> CORPORATION <input type="checkbox"/> OTHER DATE: <u>4/10/12</u>	
TRAVIS COUNTY, TEXAS BY: <u>[Signature]</u> CYD VIGRIMES, C.P.M., CPPD, TRAVIS COUNTY PURCHASING AGENT		DATE: <u>4/15/12</u>	
TRAVIS COUNTY, TEXAS BY: <u>[Signature]</u> SAMUEL T. BISCOE, TRAVIS COUNTY JUDGE		DATE: <u>4-17-12</u>	

*A .pdf of this document is also available on the Grassroots Leadership website.*

## **VIDEO VISITATION: HOW PRIVATE COMPANIES PUSH FOR VISITS BY VIDEO AND FAMILIES PAY THE PRICE**

A Collaboration between Grassroots Leadership and the Texas Criminal Justice Coalition

This report was written by Jorge Antonio Renaud, MSSW

Many thanks to Bob Libal, Kymberlie Quong Charles, Jaynna Sims, Molly Totman, and Catherine Cunningham (design and layout)

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**TEXAS CRIMINAL  
JUSTICE COALITION**

# **Attachment 7**

# County to Restore In-Person Jail Visits

Commissioners passed a \$707,000 measure to bring in-person visitation back to the county jails

By Chase Hoffberger, Fri., Oct. 2, 2015



Sarah Eckhardt  
photo by John Anderson

It won't be part of the budget, but it will be back in county: On Tuesday, commissioners voted to approve a measure that will re-implement **in-person visitation at Travis County jails**. The \$707,000 approval, to be funded through savings from the **Travis County Sheriff's Office**, comes after a month of deliberations over whether or not Travis County was eligible for a grandfather clause allowing certain counties to not comply with **House Bill 549**. The law passed

in the recent Lege session requires county jails to allow inmates two 20-minute in-person visits each week.

Travis County had initially received a waiver from the law based on the "significant cost" incurred installing the video vestibules inmates currently use to communicate with their families and loved ones, but last week the **Texas Commission on Jail Standards** made known that it was having second thoughts. Travis County didn't pay for installation of the newest systems; **Securus Technologies** did. The Dallas company fronted the cost for the 2013 installation of its systems, arranging with county officials to take a significant cut of profits from the service. (TCJS already determined that the county's circumstances do not satisfy the "physical capability" exemption contained in HB 549.)

TCJS Executive Director **Brandon Wood** met with County Judge **Sarah Eckhardt** and members of the Sheriff's Office Thursday to consider the county's qualifications for a complete waiver. There, Eckhardt – who advocated earlier in the week for bringing in-person visitation to the **Travis County Correctional Complex** through a \$1.2 million amendment to the budget opposed by her four commissioners – acknowledged that the county has in fact incurred \$777,556 in costs associated with bringing video visitation to TCCC, though the costs were associated with a system that was removed when Securus began working with Travis County.

"Although Buildings 2 and 12 are arguably eligible for the 'Significant Cost' exemption due to the investment in a video system that is no longer in use, a partial exemption would be inequitable to inmates and their families and be problematic from a practical and fiscal standpoint given the layout of our jail facilities," she wrote to Wood in a letter "memorializing" the conversation. "For these reasons the Commissioners Court and the Sheriff's Office wish to restore in-person visitation across the board and as soon as possible in the Travis County jails."

So while TCJS continues deliberating on whether or not Travis County should be grandfathered into a complete exemption, county commissioners and the sheriff's office are moving forward. On Tuesday, commissioners passed the \$707,000 measure that will bring 14 new full-time employees on board at the TCSO and in turn bring in-person visitation back to the county jails. Eckhardt has also asked TCJS to allow the county one year to come into full compliance with the law, saying that the ensuing year will be spent allocating funds, installing the necessary scheduling software, recruiting, hiring, and training staff, and phasing in new buildings at both Del Valle and Downtown. The judge said Tuesday that she expects TCJS to be satisfied with that plan.

# **Attachment 8**

(/)

**0% APR for up to 66 months PLUS \$500 Bonus Cash**



**JIM MARSH**



8555 W CENTENNIAL PKWY  
**1-855-520-1749**

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PAUL J. RICHARDS / AFP / GETTY IMAGES

## Video visitation threatens to put more distance between inmates and family

*Companies behind the profitable technology are encouraging jails and prisons to eliminate in-person visits*

March 9, 2015 6:00AM ET

by [Tom Bartlett \(/profiles/b/tom-bartlett.html\)](/profiles/b/tom-bartlett.html) - [@tebartl \(http://www.twitter.com/tebartl\)](http://www.twitter.com/tebartl)

AUSTIN, Texas — I visited a friend in jail not long ago. I passed through a metal detector, waited in the lobby for a while, then sat down at one of several dozen visitation booths — the kind with the reinforced plexiglass divider you see on TV cop shows. But my friend didn't appear on the other side of that divider; instead, we spoke via a touch-screen video terminal, a system so buggy and frustrating that we quit before our allotted 25 minutes elapsed. It was hardly worth the effort.

In the last few years, jails and prisons across the country — in 43 states, according to one recent count ([http://static.prisonpolicy.org/visitation/ScreeningOutFamilyTime\\_January2015.pdf](http://static.prisonpolicy.org/visitation/ScreeningOutFamilyTime_January2015.pdf)) — have embraced video visitation, more or less a generic version of Skype for inmates. The companies that sell video visitation systems promote them as a convenience both for prison employees and for the families of inmates. “Save time and money by visiting your incarcerated friends and family from the comfort of your home or office,” promises the website for Securus Technologies, one of the biggest players in the prison communication industry. For family members who live far from a jail or prison facility, video visitation can provide a welcome option, though it's not exactly inexpensive: A dollar per minute or higher for video chats is common.

But the companies don't just provide an additional service. They also strongly encourage facilities to eliminate traditional face-to-face visitation in order to drive more business to their video systems, often making its elimination a stipulation of the facility's contract with the company. A recent report ([http://static.prisonpolicy.org/visitation/ScreeningOutFamilyTime\\_January2015.pdf](http://static.prisonpolicy.org/visitation/ScreeningOutFamilyTime_January2015.pdf)) by the Prison Policy Initiative, a Massachusetts-based think tank, found that 74 percent of county jails that added video visitation also ended traditional visitation. “With face-to-face visits, families talk about how they can put their hand up to the glass and mothers talk about being able to see the skin of the person on the other side,” said Bernadette Rabuy, a co-author of the report. “Things like that that are important, and they're not possible with a glitchy video system.”

---

**“ Multiple studies have found that more visits while criminals are in jail appear to lead to less crime when they**

Reports of glitchy video are common. During the two visits I've made, the video and audio were out of sync like a badly dubbed foreign film. Connecting via the remote system is often bewildering, even for those who are technically savvy. Jayna Sims, who helped prepare a report

(<http://grassrootsleadership.org/sites/default/files/uploads/Video%20Visitation%20%28web%20> last year criticizing video visitation, said she struggled with the system despite the fact that she works as a software developer. She tried to maintain contact with her boyfriend, who was in jail after a parole violation. "We'd be having a personal conversation, and the video would go out," she said. "It just messes with your head and adds to the stress both people have when what they offer doesn't work reliably."

Even when the technology does work as designed, users say, video visitation sessions fall well short of the real thing. As Rabuy's report documents, it's impossible to maintain eye contact during a visit or often to clearly see the face of the person on the other end. Lauren Johnson spent a month as an inmate at the Travis County Correctional Complex, near Austin, Texas, before in-person visitation was eliminated in 2013. Johnson, now an advocate for prison reform, said her husband made sure to schedule in-person visits and avoid the video terminals so that their three children could see her in the flesh. "It's not something you can quantify," she said. "Eye contact is a huge deal. It's blowing them kisses and putting your hand to the glass. The kids get lost with the video terminals. It's just not the same experience. It's a disconnected feeling."

Beyond the feelings of inmates and their loved ones, why should anyone care about the quality of jail and prison visitation? One reason is that multiple studies have found that more visits while criminals are in jail appear to lead to less crime after they get out. A 2008 study (<http://jrc.sagepub.com/content/early/2008/06/04/0022427808317574.short>) published in the Journal of Research in Crime and Delinquency concluded, after looking at the data from several studies, that "visitation and more frequent visitation were both associated with a lower likelihood of recidivism." Visitation may also have an effect on violence in jails. At the Travis County Jail, there was an uptick in the number of assaults and overall disciplinary actions after face-to-face visitation was eliminated, according to the Prison Policy Initiative report — and this despite industry promises that switching exclusively to video would lead to fewer such problems.

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**“ Inmate communication is likewise a lucrative business. Securus Technologies ... has annual revenues that top \$300 million.”**

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While the rise of video visitation is fairly new, private companies profiting from the more than 2 million prisoners held in the United States is anything but. The Corrections Corp. of America, which runs more than 60 prisons throughout the country, brings in well over a billion dollars a year (<https://www.aclu.org/blog/prisoners-rights-criminal-law-reform/happy-birthday-corrections-corporation-america-thirty>). But even at state-run prisons, private companies find ways to flourish. Prison banking companies allow money to be deposited into inmates' accounts, though the service comes at a cost. A report (<http://www.publicintegrity.org/2014/09/30/15761/prison-bankers-cash-captive-customers>) published in September by the Center for Public Integrity found that one company, JPay, charged fees as high as 45 percent. (After the report was published, the company announced plans to eliminate fees for money orders.)

Inmate communication is likewise a lucrative business. Securus Technologies, which is based in Dallas and serves the Travis County Jail, has annual revenues that top \$300 million. Its CEO, Richard Smith, said in an interview that his company isn't driving the move away from face-to-face visits; rather, it's responding to the needs of jail administrators. That said, he acknowledged that eliminating face-to-face visits is a "negotiation point for sure," and Securus marketing materials emphasize the purported upsides of moving exclusively to video. "If they're willing to do less face-to-face because of their needs, I probably benefit because there's going to be more remote video visitation," he said.

A Securus competitor, GTL, also offers video visitation — but Dave Henion, GTL's vice president of video visitation sales, drew a distinction between his company and Securus. According to him, eliminating face-to-face visitation is not written into GTL's contracts with facilities. "The idea is that we're looking at this as a supplement to visitation, as opposed to something to drive revenue," said Henion, who is critical of Securus' approach. "It's a great alternative, and that's what it's designed for." While GTL may not insist on doing away with face-to-face visitation, its website makes the same case that Securus makes: getting rid of traditional visits will be safer and more efficient corrections facilities.

Smith argues that ending face-to-face visits is good for everyone. According to him, jails and prisons could save \$1 billion a year through reductions in staffing and facility costs. He contends that the families of inmates nationwide could save \$2 billion annually on gas and lodging by not having to travel to a jail or prison facility. And most important, Smith believes, video visitation will lead to huge reductions in violence. “We’re talking about saving hundreds or maybe thousands of lives over time in the United States because bad things happen in face-to-face visits,” he said.

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**“ ‘Even if it’s through Plexiglas, at least you can have some kind of live interaction with your loved on. ... Just because someone committed a crime doesn’t stop the love you have with them.’ ”**

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**— Susan Gregory**  
her husband spent six months in a county jail

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Murders during prison and jail visitation appear to be exceedingly rare. At jails like the one in Travis County, with its sealed booths and plexiglass dividers, it’s unclear how an inmate would harm, much less kill, a visitor. Wes Priddy, the county’s jail administrator, said that face-to-face visits had on occasion led to “some chaos,” though he didn’t know of any specific violent incident. As for the billions of dollars in savings, Rabuy, a co-author of the report on video visitation, called those estimates “very unlikely” and pointed to the high costs of video visitation sessions, which would significantly offset any savings on travel costs.

While video visitation continues to spread, some counties have pushed back against companies trying to dictate their visitation policies. In September commissioners in Dallas County rejected a deal with Securus, in part because the contract would have meant ending face-to-face visits. They later approved the deal once that requirement was scratched and after the fee for remote video visits was reduced to \$10 per session. Prison advocates who advised the commissioners saw this as a victory, though they still worry that eventually in-person visits will cease there as well.

Last fall the Federal Communications Commission proposed permanent caps on what it called “exorbitant” telephone rates charged by companies that service jails and prisons. So far the FCC hasn’t proposed any action on video visitation. Two bills (http://www.lrl.state.tx.us/currentissues/clips/resultsLink.cfm?clipID=252654&headline=Video-only%20visitation%20bad%20for%20inmates%2C%20county) currently in the Texas Legislature would force jails to allow weekly face-to-face visits and could prompt other states to re-examine their regulations.

Susan Gregory’s husband spent six months at the Yavapai County Jail in Camp Verde, Arizona, which has eliminated face-to-face visits. Even though the couple talked regularly on the phone and wrote letters to each other, what she wanted more than anything was to be able to see him in person. Gregory, who is the information coordinator for a church in Sedona, repeatedly used the word “inhumane” to describe the video-only policy. “Even if it’s through plexiglass, at least you can have some kind of live interaction with your loved one,” she said. “That would have made it better for me and him to maintain that human contact. Just because someone committed a crime doesn’t stop the love you have with them.”

SHARE THIS: <http://alj.am/18UsYuk>

## RECOMMENDED



Germany considers deportations after string of sexual assaults (http://www.aljazeera.com/news/2016/01/germany-consider-deportations-after-string-of-sexual-assaults.html)  
 Fight back: How a pill mill saved a thousand lives: report (http://www.aljazeera.com/news/2015/11/fight-back-how-a-pill-mill-saved-a-thousand-lives-report.html)  
 The promise: You've never seen a snake like this before. (http://www.aljazeera.com/news/2015/11/the-promise-you-ve-never-seen-a-snake-like-this-before.html?ftag=ACQ63afa6d&vndid=5374839)

# **Attachment 9**

# Prisoners in Co Londonderry jail given video calls to their families



**Magilligan's gates**

23:56 Tuesday 17 November 2015

## **Inmates in Magilligan Prison are being given personal video calls to their families as part of a new rehabilitation project.**

More than 70 approved prisoners have been given access to the Skype audio visual technology from inside the Limavady prison – the first in the United Kingdom to introduce the facility.

Governor of Magilligan David Eagleson said: “The audio visual Skype link allows prisoners to make personal video calls to loved ones. We know that when prisoners have strong family support they’re in better shape for reintegration to family and community and we see this as an important part of the rehabilitation process.”

Prisoners can make the calls for up to 30 minutes each week. The suite is completely soundproof, but security cameras monitor the calls.

Uptake among the prison population was slow to start with but it is being used by more and more prisoners and the plan is to make it more widely available.

One of the most serious problems prisoners face is the sense of “isolation and even abandonment” and one of the most effective solutions is “the assurance that they are not forgotten”, he said.

Imprisonment can be devastating on relationships between a child and father.

“Being able to interact in ‘real time’ with their father, in their own home, helps children to understand he is engaged with their lives, interested in their achievements, and is there to support them in times of difficulty.”

The interaction will help foster a sense of security and ease the father’s reintegration back into the family home following release, he added.

Read more: <http://www.newsletter.co.uk/news/northern-ireland-news/prisoners-in-co-londonderry-jail-given-video-calls-to-their-families-1-7071396#ixzz3wbNNrfjc>

# **Attachment 10**



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News and Views from the Global South

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## PHILIPPINES: Prisoners Find Their E-Families

By Kara Santos and Art Fuentes

Art Fuentes and Kara Santos

**MANILA, Oct 27 2011 (IPS)** - For the first time since giving birth in prison 13 years ago, Sarah, an inmate in the Philippines' largest detention centre for female convicts, saw her daughter via Skype video chat in her prison cell.

Sarah (not her real name) was convicted over a decade ago for selling illegal drugs at a time when she did not know she was pregnant.

Three weeks after giving birth in Quezon City Jail, she sent her daughter to live with her relatives in Iloilo – a province on an island roughly 480 kilometres away from Manila. Her only communication with her family was through snail mail, which reached her about once every three months.

But two weeks ago, with the launch of a virtual visitation programme in the prison, Sarah finally got to see her youngest daughter and speak to her two eldest children for the first time in over a decade.

"I am happy that my prayers have been answered and they are all growing up to be good kids," Sarah told IPS, unable to hold back her tears at finally being able to see and talk to her children.

The "e-dalaw" (Filipino for visit) or electronic prison visit programme, allows prisoners to communicate with their families and loved ones via Skype video chat. Before the e-visit programme was implemented on Oct. 13, Sarah, like many inmates languishing in Manila's overcrowded prisons, had endured years without any visits.

"It is a step towards making prisons more humane," social welfare officer Cherry Huet told IPS, as she watched inmates talk to their families and loved ones on the computer via Skype.

Huet, who works at the Correctional Institute for Women (CIW), spent the past weeks interviewing inmates at the institute to find out who among them would benefit most from the new service.

According to the Bureau of Corrections, up to 40 percent of inmates never get visited by their families. This is especially true for inmates who hail from provinces far from the capital Manila, where the jail is located.

The transport fare and cost of lodging coupled with other expenses make it prohibitively expensive for families to visit their convicted loved ones even once a year.

For instance, Sarah's family would need to take a 20-hour trip via inter-island ferry and find a place where they could stay for at least two nights in order to visit her.

For Filipinos born into very close-knit families, being able to keep in touch with relatives, even through virtual means, is very important.

Since Internet access has been steadily penetrating all parts of the country, the e-visit service can be utilised even by family members living in very remote areas. Internet cafes have popped up in remote provinces, providing people with access to affordable virtual technologies such as free video calls and online chat.

Prison authorities say the new electronic prison visit system will ease inmates' loneliness and help them better reintegrate with society once they are released.

However, the e-visits have to be brief, as thousands of inmates share the few Internet-enabled computers in the jails and prisons.

Quezon City Jail, where the programme was piloted, is only equipped with five computers with webcams and Internet connections, for more than 3,000 inmates locked up in the 3,000 square metre lot.

The Office of the Solicitor General (OSG) donated the computers, while the Quezon City Jail administration has pledged to shoulder the 20-dollar monthly WiFi connection fee.

Officials of the Quezon City Jail believe this programme will not only allay homesickness and depression among the detainees but also curb the smuggling of weapons and other contraband into the jails by lessening the number of physical visitors allowed.

Many of the inmates in the Quezon City Jail have been convicted for poverty-related crimes such as robbery, theft and shoplifting.

According to Jail Superintendent Joseph Vela, the jail has an overcrowding rate of 400 percent. The virtual visits are an effort to make life behind bars a bit more bearable and help in the reform of inmates.

"We need to be more responsible to those we put behind bars. Though we aim to punish by depriving a criminal of his liberty, we do not intend to strip him of his humanity," said Marlon Bosantog, a representative for the OSG.

Jail staff monitor every call for security reasons, particularly to ensure that nothing illegal is discussed during the online chat sessions.

Officials say that ageing or sick inmates will be given priority access to e-visits.

When the e-dalaw project was first launched, chosen inmates were allowed to talk to their families for up to half an hour. But prison authorities say that as more inmates avail themselves of the service, the duration of each prisoner's electronic visit will need to be shortened.

However, for prisoners who have counted the years to see the faces and hear the voices of their loved ones, waiting in line for a precious few minutes on Skype is a minor inconvenience.