



Human Rights Defense Center

DEDICATED TO PROTECTING HUMAN RIGHTS

August 8, 2015

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

Re: Comment for WC Docket 12-375

Dear Chairman Wheeler:

The Human Rights Defense Center (HRDC) respectfully submits this comment for WC Docket No. 12-375 for the purpose of placing into the record the following recent news article concerning prison phone-related issues:

- “Private Tech Firms Securus, GTL Offer Jails Million-Dollar Payments, Tablet Computers for Exclusive Phone Contracts,” by Eric Markowitz, *International Business Times* (July 10, 2015) (Attachment 1)

The article reports that the two largest ICS providers, Securus and Global Tel*Link, offered signing bonuses in excess of \$1 million plus hundreds of free computer tablets to entice jails to grant them “enormously lucrative” monopoly contracts.

As the Commission is aware, ancillary fees related to inmate calling services (ICS) increased after the *Order* implementing interstate ICS rate regulation became effective in February 2014.¹ Faced with the reality that the FCC is poised to take the steps necessary to ensure that intrastate rates are fair, just and reasonable, correctional facilities aren’t even waiting for the Commission to vote on that issue before taking steps to ensure they will continue to profit off prisoners and their families, and ICS providers are complying with their demands to protect their profits. As noted in the article:

¹ July 9, 2014 ICS Workshop Transcript at 169 (Lee G. Petro, Counsel to Petitioners)

“. . . both Securus and GTL only offered the ‘upfront’ signing bonus in this case because the jail asked. In a letter dated Jan. 28, 2015, the Georgia jail administrator – whose name has been redacted – writes: “Since it is highly likely that the FCC will be eliminating all Inmate phone commissions in the near future, in lieu of a (MAG) Minimum Annual Guarantee, please discuss alternatives” that “would provide to supplement the loss of Jail phone revenues.”

It is readily apparent that such “signing bonuses” are another way to package kickbacks to prison and jail administrators in exchange for monopoly contracts.

The link to the RFP contained in the attached article provides evidence of the “double dipping” by sheriffs that will result from any cost recovery provision authorized by the Commission to recoup alleged costs related to the provision of ICS. Paragraph 7.5.2.4 of the RFP states in part: “The financial guarantee offered by Vendor will be utilized by [redacted] to recoup some but not all administrative and operational costs for its Facilities during the Initial Term.” By requiring ICS providers to pay for “administrative and operational costs” while at the same time telling the FCC that per-minute cost recovery rates must be added to ICS rates to cover the administrative and operational costs involved in the provision of ICS, the sheriffs are not only increasing the base rate charged by the ICS provider (to offset the upfront guaranty amount), but will further increase the rates that must be paid by prisoners and their families should the Commission authorize a per-minute compensation rate for cost recovery.

HRDC is not aware of any filings on this Docket by the National Sheriffs’ Association or its members that offset the alleged cost of providing ICS (in those rare occurrences where data was actually provided) with the value of upfront compensation received from ICS providers, whether in the form of signing bonuses or free computer tablets. Also, while the tablets may be provided to jail officials at “no cost,” if prisoners want to use them to send emails, download music or games, engage in video visits, etc., those services are typically monetized, with ICS providers profiting from the revenue generated from such services.

In our recent filings on this Docket regarding the critical need for transparency as part of comprehensive ICS reform, HRDC has requested that the Commission require all ICS providers to post their detention facility ICS contracts, rates and fee schedules on their websites where they are publicly available. They should also be required to post the annual itemized amounts they pay to public agencies as well as related law enforcement and corrections associations such as the National Sheriffs’ Association, American Correctional Association, American Jail Association, etc. in exchange for monopoly ICS contracts. This includes money paid as commissions, signing bonuses, donations, campaign contributions, in-kind equipment or services and related payments. Such disclosures should be made within 30 days of each payment made.

The fact that correctional facilities and ICS providers are already conspiring to work around any new regulations expected to be issued by the Commission – with the result that prisoners and their families will continue to pay inflated ICS rates and fees so government agencies and ICS providers can continue to profit off some of this nation’s poorest consumers – is not, by any definition, fair, just or reasonable.

Thank you for your continued time and attention in this regard.

Sincerely,



Paul Wright
Executive Director, HRDC

Attachment



Attachment 1

TECHNOLOGY (HTTP://WWW.IBTIMES.COM/TECHNOLOGY) IBTIMES EXCLUSIVE (TOPIC/EXCLUSIVE)

Private Tech Firms Securus, GTL Offer Jails Million-Dollar Payments, Tablet Computers For Exclusive Phone Contracts

By Eric Markowitz (/reporters/eric-markowitz) @EricMarkowitz (http://www.twitter.com/EricMarkowitz)

✉ e.markowitz@ibtimes.com (mailto:e.markowitz@ibtimes.com)

on July 10 2015 12:23 PM EDT

138

36

4



Private companies pay out big bonuses to land prison and jail phone contracts. Getty Images North America

Prison phone calls are notoriously expensive for inmates and their families. Rates as high as \$10 for a 15-minute phone call are not uncommon. But for the private tech companies that provide the service, winning those exclusive contracts is enormously lucrative.

So how exactly do these companies clinch the deals? With million-dollar signing bonuses paid directly to the counties where the jail is located. And free tablet computers -- lots of them.

In proposals for contracts at a county jail in Georgia, for instance, Dallas-based Securus Technologies offered an “upfront signing bonus” of \$1,175,000 for a five-year exclusive contract, as well as 110 tablets for inmates -- free of charge. Global Tel*Link (GTL), a Reston, Va.-based firm, countered with \$1.5 million upfront offer for a seven-year deal, as well as 150 tablets to be provided at “ZERO” cost. Both offers were made on Feb. 27, 2015, according to the documents.

Securus and GTL are the two largest players in the prison phone business. Together, they control about 80 percent of the market. The signing bonuses are a new tactic in anticipation of regulations that will be set by the Federal Communications Commission later this year that may limit the revenue jails can collect from the calls themselves.

The details of the contracts were revealed on Thursday in a filing to the FCC by a third, smaller competitor, Pay-Tel Communications, which is trying to show the commissioners how these companies operate behind the scenes. Pay-Tel, which declined to speak on the record to International Business Times, obtained the documents through a Freedom of Information Act request. According to a letter submitted to the FCC, these signing bonuses make it difficult for smaller companies to compete in the bid process.

It also shows how much money these two companies are willing to shower on jails in order to win exclusive contracts - and begin charging high rates to inmates and their families for basic phone services and video visitation.

[Securus-GTL Signing Bonuses \(https://www.scribd.com/doc/271150030/Securus-GTL-Signing-Bonuses\)](https://www.scribd.com/doc/271150030/Securus-GTL-Signing-Bonuses)

While it may seem odd that a private company is allowed to offer cash to a public entity in exchange for their business, prison reform advocates aren't too surprised.

Paul Wright, executive director of the Human Rights Defense Center and a vocal critic of the prison phone business, says these sorts of payments -- which he compares to bribes -- are par for the course.

“This goes to show what a dysfunctional and perverse market this is,” Wright says. “Prisoners and families are viewed as money machines. It's a total abdication of public duty by the people running these facilities.”

[As IBTimes reported last week \(http://atavist.ibtimes.com/fcc-prison-telecom-industry\)](http://atavist.ibtimes.com/fcc-prison-telecom-industry), the prison phone business has long been characterized by monopolistic relationships between private companies and public jails, and exorbitant rates and fees charged to families. With about 2.2 million inmates locked up, the industry has grown to a \$1.2 billion yearly business for the companies that provide the service.

But perhaps most controversially, the county jails have, for more than a decade, been collecting “commissions” on the revenue generated from phone calls within jail and prison walls.

According to the sheriffs who collect the commissions, this revenue allows the state or county jail to recoup the costs it incurs by offering the phones in the first place.

However, the FCC may soon put an end to this practice. The agency is considering eliminating commissions, which has thrown the industry into tumult.

In fact, both Securus and GTL only offered the “upfront” signing bonus in this case because the jail asked. In a letter dated Jan. 28, 2015, the Georgia jail’s administrator -- whose name has been redacted -- writes: “Since it is highly likely that the FCC will be eliminating all Inmate phone commissions in the near future, in lieu of a (MAG) Minimum Annual Guarantee, please discuss alternatives” that “would provide to supplement the loss of Jail phone revenues.”

For years, advocates have sought reform to make prison and jail phone rates more affordable for family members. “I’m not surprised to see more evidence that these companies want to subvert the FCC’s attempts to bring order to the prison and jail telephone market,” says Peter Wagner, executive director of the Prison Policy Initiative.

Though there are critics of this sort of payment, it’s not exactly illegal. Yet, at least.

“I can't say it's illegal, but there are certainly ethical issues,” says Michael Hamden, an attorney in North Carolina who has advocated for lower phone rates for inmates and their families. “They're a for-profit company, so the idea is that [these signing bonuses] are an investment that they will recoup in the contract.” Ultimately, he says, the signing bonuses “seem like an effort to sidestep the FCC's plans to eliminate commissions.”

Neither Securus nor GTL were immediately available to comment.

Submit Correction

138

36

4

Related

Follow @ibtimes

- [Prison-Tech Firm Securus Reconsiders Controversial Policy \(/prison-tech-giant-securus-will-no-longer-require-jails-remove-person-visits-1910081?rel=rel1\)](#)
- [The Dark Side Of Prison Video Chat \(/video-chats-are-replacing-person-jail-visits-while-one-tech-company-profits-1873918?rel=rel2\)](#)

Sponsored From Around the Web

ADVERTISEMENT