

Profiting from Prisoners

Debit cards slam released prisoners with sky-high fees, few protections

'They kept charging me every time I used it'

By Amirah Al Idrus  5:00 am, September 30, 2014 Updated: 7:32 am, October 2, 2014

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When Clarence Justin Aldred was released from Macomb Correctional Facility in New Haven, Michigan, in July 2013, he left with the balance of his inmate account, which consisted of his prison wages and any leftover money sent by family.

Aldred received no cash. The money was accessible via a debit card issued by **JPay Inc.**, a Miami-based company that provides financial services to inmates. After 29 years inside, the card was Aldred's only way to make most purchases. After using it a few times, Aldred, 57, noticed that \$15 was missing.

"They kept charging me every time I used it. Nobody told me that," he said.

Michigan is one of at least 15 states where prisoners are given their inmate account balance on a prepaid card when they are released. The cards usually carry a variety of fees that eat away at the small amount of money most former inmates are left with to restart their lives. Inmate release cards have drawn criticism from consumer lawyers and faced litigation in at least two states.

One county in Arkansas agreed to pay \$71,609.58 to settle charges that the fees illegally deprived people of access to their own money. A federal judge refused to approve the proposed settlement and invited the parties to submit a modified agreement.

JPay provides the cards in at least 11 states. In most cases, the fees exceed what consumers would pay for similar services.

In Michigan, for example, JPay charges users 50 cents to check the card's balance at an ATM, \$2 to withdraw cash, 70 cents to make a purchase and 50 cents a month for a maintenance fee. Even not



Clarence Justin Aldred received his inmate account balance on a prepaid card upon release from Macomb Correctional Facility in New Haven, Michigan, in July 2013. Courtesy of Clarence Justin Aldred



Time is money: who's making a buck off prisoners' families?

By Eleanor Bell Fox and Daniel Wagner
September 30, 2014



Prison bank on captive c

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using the card costs money. Doing nothing draws a \$2.99 fee after 60 days. To cancel the card, it costs \$9.95.

By Daniel Wagner September 30, 2014

Alred said he doesn't recall if the list of fees was included in the piles of paperwork he received when he was released from Macomb.

JPay CEO Ryan Shapiro says his company doesn't make money on the cards, because the fees go to middlemen that run prepaid card programs for JPay.

"[The cards are] not really a revenue-generating or a money-making business for us," Shapiro said in an interview. The company uses the release cards to offer a more complete suite of services to prisons, so they will be more likely to contract with JPay for other services like money transfers to inmates and prison email, he said.

Fees aren't unique to inmate release cards. Prepaid cards issued by companies like Green Dot and American Express also charge users for a range of services.

The difference is choice: Many consumers who choose to use a prepaid card, often instead of a bank account, can shop around for the least costly option. Released inmates like Aldred can't.

"They told me there was no check option," said Timothy Jon "TJ" Spytma, of Ann Arbor, Michigan.

Spytma left G. Robert Cotton Correctional Facility in Jackson, Michigan, in July after 39 years. He had \$170 on a JPay card, money he spent on clothing. Once he saw the fees, he decided to cash out as soon as his July pay was deposited onto the card.

"I'll go to an ATM and remove it all," he said. "They charge a small service fee every time you even check your balance or make a withdrawal."

Prisons and jails say the cards save the institutions money and help prevent inmates from paying exorbitant fees charged by storefront check-cashers.

The cards also guard against fraud, said **Marty E. Moore**, a Utah-based lawyer who represented a bank that issued prepaid cards given to inmates at Ramsey County Law Enforcement Center in St. Paul, Minnesota.

The cards "are quick and leave a complete auditing trail," Moore said. "If you're a sheriff, you don't want your personnel skimming funds. You want the inmate to get every penny he put in."



Megabanks have prison financial services market locked up

By Daniel Wagner October 2, 2014

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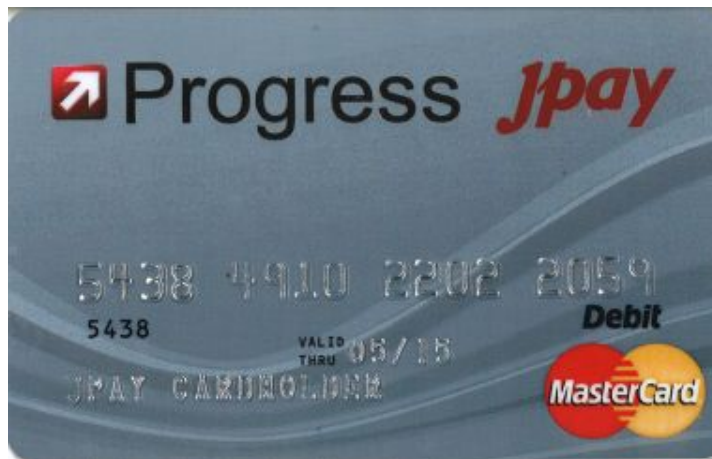
That doesn't happen, however, when they're forced to use debit cards, according to former Ramsey County inmates who last year sued the county, the bank and Keefe Commissary Network, which provides the cards to the jail.

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The former prisoners said they were hit with a \$25 booking fee that is deducted from every inmate's account in addition to the "unavoidable" fees that are charged to inmate release cards. They said the deductions violated their constitutional right to due process. A federal judge has dismissed the lawsuit.

"[Avoiding the fees] is doable, but it's incredibly onerous," said Joshua Williams, the plaintiffs' attorney. He has filed an appeal in the case.



A prepaid JPay progress card Jpay Inc.

Keefe Commissary Network is the nation's biggest operator of stores inside prisons. It charges marked-up prices for items sold to inmates and often returns a share to the prisons that contract with it. Keefe's parent company, St. Louis-based Centric Group, did not respond to requests for comment.

Prison release cards appear to fall between the cracks of existing consumer protection rules, said **Dee Pridgen**, professor of law and social responsibility at the University of Wyoming. Because the cards are issued to a "captive" customer base, she said, the companies can "exploit the prisoners who find themselves with these cards, but who don't have the knowledge or experience to use them wisely."

Federal law forbids forcing consumers to create an account as a condition of getting paid or receiving government benefits like Social Security. Companies that want to pay their employees using debit cards must also offer alternatives such as paper checks or direct deposit to a checking account.

Prisoners don't enjoy those protections, several consumer law experts said, because the law does not address their specific situation: Prison wages and

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benefits are deposited first into an inmate's prison account, and only transferred to the debit card later, when the inmate is released.

The trust account is required not as a condition of employment but as a condition of being a prisoner, a situation not addressed by the law, said **Lauren Saunders**, associate director of the National Consumer Law Center's Washington, D.C., office.

Daniel Wagner contributed to this report.

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Austin Ratliff - Fonseca · J. Sargeant Reynolds

This is not helping the rehabilitation of prisoners just released. How are they to buy the basic needs for trying to start a new life after being away from society for such a long period of time? In their minds everything has changed and they're just trying to start a new... all of the fees are going into someones pocket. Rob from the poor and give to the rich... The American way!

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Dan Richard Beto

This is very disturbing.

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Brenda Simon · Hunting Hard and Fishing freely!!!!!!!! at Currently looking for a job. this system is full of GREED!!! God have mercy on those that take from others, less fortunate than them, KARMA!!!!!!!! comes in more ways than one....WATCH, you'll see!!!!!!!!

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Claire Costello Lofton · Retired. at Philadelphia Department of Public Health

Following along with the rest of the "for profit" business is the "What else can we do to increase our profits"? When will we all stand up and say Enough

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Scofield Brad

I don't know how and where to start but i can say is thank God for the blank ATM card. I'm Divorced man with three kids trying to survive and pay my bills but everything started getting worse few weeks after i lost my job and have been trying lo lend money from friends and Family! And it got to a point where no one was willing to lend or help me with money because i was much more in debts. I tried getting a job but all my effort proves abortive, and things became worse every minutes of the day that i had to pawn all i have just to get food on the table for my kids.

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Steve Stewart · Ivy Tech Community College

I was just released and this card is a big scam. it won't even let me in to check my

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balance. It cost \$1.00 everytime you call to check your balance. It cost \$3.00 if you don't use it within 60 days but they hold your last monies for 90 doys. The only thing that is free is Web customer service, but it won't let you in. Prison is a big money making scam. Hell if I only get \$11.00 a month and have all these fees everytime I use it I can't even purchaser a ramen noodle. rehabilitation my ass.

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Dalton L. Barnes · Heavy equipment operator at Self-Employed

I was released last november from a facility in FLA after 24months 6months were at a work release program where I had a good job that I had to walk around to find because could use phone or computer for job services... After not missing a day of work on 5 days a week at a construction company from 630am to 430pm I got a night job at a buffet from 5pm til close I had to hand each check over soon as it was given (not an issue) then they would take up to 65% of my check from the total before taxes were removed, the cost was for food they were constantly short on because gaurds ate it, chemicals ... See More

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Dave Chappelle Comedian Page

of course its a scam at the same time majority of inmates/criminals arent too bright or too smart.Only few inmates know how america is profitting of prisoners.But the majority aren't gonna succeed and are uneducated.

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