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Rohit Chopra, Director
Bureau of Consumer Financial Protection
1700 G St., NW
Washington, DC 20552
VIA REGULATIONS.GOV

Re: Docket No. CFPB-2022-0003
Fees Imposed by Providers of Consumer Financial Products or Services

Dear Mr. Chopra:

Pursuant to the Request for Information ("RFI") initiating the above-referenced proceeding,[1] Prison Policy Initiative ("PPI") respectfully submits the following data and comments concerning services that incarcerated people and their families are compelled to use for basic financial transactions.

PPI is a non-partisan, not-for-profit organization that uses data analysis and advocacy to demonstrate how the American system of incarceration negatively impacts society. We publish research and policy proposals on selected campaigns where we believe our work can create a fairer justice system through legal and policy change. Many of our programs address the financial exploitation that occurs when incarcerated people are commoditized and forced to pay for various aspects of their own confinement through fees for telecommunications, medical care, financial services, and basic subsistence.

We commend the Bureau for its recent work to identify and confront financial problems facing justice-involved people.[2] We encourage the Bureau to keep the needs of this often-overlooked population in mind when analyzing the data collected as part of this proceeding.

I. Introduction

In the RFI, the Bureau expresses concern about "fees that far exceed the marginal cost of the service they purport to cover, implying that companies are not just shifting costs to consumers, but rather, taking advantage of a captive relationship with the consumer to drive excess profits."[3] This dynamic precisely describes the financial services that are forced upon incarcerated people and their families. As the Bureau noted in its January 2022 report on

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[1] 87 Fed. Reg. 5801 (Feb. 2, 2022).
[2] Consumer Fin. Protection Bureau, *Justice-Involved Individuals and the Consumer Financial Marketplace* [hereinafter "*Justice Involved Individuals*"] (Jan. 2022).
[3] RFI, 87 Fed. Reg. at 5802.

justice-involved consumers, fairness and market competition "seldom appear in the markets for products and services that capitalize off the criminal justice system, where firms may enter into exclusive relationships with government actors, rather than competing on the basis of consumer choices."[4] Governments' ability to award—and profit from—monopoly contracts for essential financial services creates a uniquely anti-competitive system for control of bottleneck facilities.[5]

Practices in the correctional financial-service industry raise grave consumer-protection concerns for at least three reasons. First, incarcerated people have especially limited financial resources: the median income among people entering prison is 41% less than the national average,[6] and incarcerated people have virtually no ability to earn meaningful wages.[7] Second, the financial cost of supporting incarcerated family members tends to fall disproportionately on people of color, and Black women in particular.[8] Third, correctional agencies' control of the monopoly franchise creates a heightened obligation on the part of government to ensure fair treatment of consumers.

One of the reasons the correctional financial-services industry came into existence is a desire by correctional agencies to minimize their own workload through outsourcing as many functions as possible, including the processing of financial transactions.[9] Because agencies seek to outsource work while also avoiding any financial cost, contracts are frequently awarded on a "no cost" basis—meaning the contracting agency pays nothing and the contractor relies on consumer fees for revenue.[10] This is a prime example of the "fee economy" described in the RFI and it deserves a place in the Bureau's regulatory agenda. We devote these comments to two particular services imposed on incarcerated consumers and their families: money transfers and release cards.

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[4] *Justice Involved Individuals* at 3.

[5] *See id.*, text accompanying n.133 ("[A] major release card company believed that entering into contracts with prisons for release cards would help it compete for other contracts for additional services; contract take-up was not driven by consumer demand.").

[6] Bernadette Rabuy & Daniel Kopf, *Prisons of Poverty: Uncovering the Pre-Incarceration Incomes of the Imprisoned* (Jul. 9, 2015) ("We found that, in 2014 dollars, incarcerated people had a median annual income of $19,185 prior to their incarceration, which is 41% less than non-incarcerated people of similar ages.").

[7] Wendy Sawyer, "How Much do Incarcerated People Earn in Each State?" Prison Policy Initiative Blog (Apr. 10, 2017) (showing average hourly wages of 14¢ to 63¢ for typical prison jobs).

[8] Saneta deVuono-powell, et al., Ella Baker Center for Human Rights, *Who Pays? The True Cost of Incarceration on Families*, at 9 (2015).

[9] Stephen Raher, *The Company Store and the Literally Captive Market: Consumer Law in Prisons and Jails*, 4 Hastings Race & Poverty L.J. 3, 18-19 (2020); *see also In re JPay, LLC*, Admin. Proc. 2021-CFPB-0006, Consent Order [hereinafter "JPay Consent Order"] ¶ 18 (Oct. 19, 2021) ("[JPay] designed and implemented the Debit Release Card poduct to eliminate cash or check options previously offered by DOCs.").

[10] For an illustration of how no-cost contracts work in relation to technology services, *see* Wanda Bertram & Peter Wagner, "How to spot the hidden costs in a 'no-cost' tablet contract," Prison Policy Initiative Blog (Jul. 24, 2018).

II. The Market for Prison and Jail Money-Transfer Services is Uncompetitive and Imposes Unreasonable Fees on Consumers

In November 2021, PPI released a first-of-its kind survey of money-transfer services in state prison systems (a full copy of the report is attached to these comments as **Exhibit 1**).[11] Our survey reveals a thin market and a general lack of consumer choice, leading to high fees and unfair terms of service. Some of our key findings are discussed in more detail below.

A. Consumers Pay High Fees For Money Transfers

Fees for prison money transfers are hefty and are expressed in complicated tiered structures. For example, the average fee[12] for a $50 online transfer is $5.99, or 12% of the principal amount; but, as the principal amount declines, the fee *increases* on a percentage basis: the average fee for a $20 online transfer is $3.75 (20% of the principal). The highest fees we observed were 37% of the principal amount.[13]

These fees are particularly difficult to justify when one compares them to comparable services outside the correctional sector. Services like Venmo, CashApp, Paypal, and Zelle often provide free automated clearing house ("ACH") transfers from bank accounts (correctional money-transfer vendors do not offer an ACH option), and offer transfers from a credit- or debit card either for free or for a typical fee of 3% or less.[14]

B. High Fees are Attributable to a Market Failure

Correctional money-transfer vendors seem to have an easier job than their free-world counterparts: whereas a service like Venmo must facilitate transfers between two large groups of customers (senders and recipients) and manage the resulting complexities that can arise in either group (from errors or disputes), a correctional money-transfer service has only one recipient to deal with under any given contract (the correctional agency that awarded the contract). While the stark pricing differences between free-world and correctional services is problematic from a consumer-protection standpoint, it is the somewhat predictable result of a market failure. A service like Venmo or CashApp is a two-sided platform that depends on reaching a wide network of senders and recipients in order to provide value to customers.[15] Alternatively, a correctional money-transfer service like JPay manages a platform to facilitate essential transactions involving one

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[11] Stephen Raher & Tiana Herring, *Show Me the Money: Tracking the Companies that Have a Lock on Sending Funds to Incarcerated People* (Nov. 9, 2021).
[12] Our description of fees focuses on online money transfers. Fees for in-person payments (processed by money-transmitter businesses acting as agents for the correctional vendor) or phone payments are usually higher.
[13] Exh. 1 at 2-4.
[14] *Id.* at 5.
[15] *See generally* David S. Evans & Richard Schmalensee, *The Antitrust Analysis of Multi-Sided Platform Businesses*, NBER Working Paper 18783 (2013).

critical recipient (the agency managing the inmate trust account[16])—a structure resembling a garden-variety monopoly.[17] While two-sided platforms are not immune from antitrust considerations, there is at least some theoretical support for an argument that such platforms maximize consumer welfare. In contrast, no similar claim can be made with respect to the bottleneck facilities managed by correctional money-transfer vendors, which impose non-cost-based fees on a captive customer base for no reason other than unadulterated rent-seeking.

There are some limited instances of consumer choice in prison money-transfers, with at least eleven state systems allowing people to pick from two or more vendors when sending money.[18] But average fees in jurisdictions that allow competition are only slightly lower than in other jurisdictions. Average fees for competitive versus pure monopoly states are shown below in table 1.

Table 1. Average Fees for Online Money Transfers, By Competitive Status

	Average fees for a $20 online transfer	Average fees for a $50 online transfer
Competitive systems (11 states)	$3.20 (16%)	$5.36 (11%)
Monopoly systems (26 states)	$3.98 (20%)	$6.26 (13%)

In addition, even if competition can theoretically benefit users through lower prices, consumers often lack salient information that can help them determine the lowest-cost option. Of the states with multiple options, only one (Arizona) provides comparative fee information in one location so that consumers can consult a single source to calculate the lowest-cost service (and even then the non-interactive chart is not particularly creative in its approach to user experience).[19]

Regardless of whether customers realize any benefit from competition, one thing remains clear: senders pay fees far in excess of the marginal cost of the service they receive. The inequity of this dynamic comes into even sharper focus when one considers the role that money transfers play in the larger correctional macroeconomy. The predominant reason that incarcerated people need to receive money from outside sources is to cover an array of essential goods and services that are increasingly available only for those who can

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[16] "Trust account" is a term of art in the correctional sector, referring to a pooled bank account that holds funds for incarcerated people whose individual balances are sometimes treated as subaccounts. The term "trust" is used because the correctional facility typically holds the account as trustee, for the benefit of the individual beneficiaries (or subaccount holders).

[17] E. Glen Weyl, *A Price Theory of Multi-Sided Platforms*, 100 Am. Econ. Rev. 1642, 1644 (2010) (a vertical monopoly model fits better than a two-sided market model when user participation does not vary on both sides of a platform market).

[18] We say "at least" eleven because many states advertise that people can send money via Western Union and/or MoneyGram, but it is not always clear whether these money-transmitters are acting as independent, competitive vendors, or merely as an agent for a specialty correctional vendor like JPay. *See* Exh. 1 at n.3.

[19] *See* Ariz, Dept. of Corr., "Inmate Deposits," *available at* https://corrections.az.gov/inmate-deposits (last visited Apr. 6, 2022).

afford to pay.[20] For example, when New York University researchers conducted interviews with men leaving the custody of the New York state prison system, three-quarters of participants reported depending on family members for regular or occasional financial support to cover commissary purchases, clothing, communications costs, and legal financial obligations.[21] Participants in this study estimated that people incarcerated in the New York state system need, on average, an annual budget of around $3,700 to adequately survive in prison.[22] Accordingly, money-transfer fees constitute a "pay to pay" system: incarcerated people are expected to pay for various necessities while in prison, but to obtain money to pay for these items, family members must pay up to an additional 37% in fees for simple fund transfers that would cost little or nothing in the free world.

Notably, money-transfer vendors are not the only parties that profit from fee revenue. The correctional agencies that award money-transfer contracts often receive a portion of fee revenue in the form of "site commissions" (also referred to as kickbacks).[23] The Federal Communications Commission ("FCC") has extensively studied the economics of site commissions as part of its long-running rulemaking on correctional telecommunications. The FCC's findings are directly relevant to the Bureau's work on behalf of incarcerated consumers because monopoly correctional telecommunications contracts bear many of the same hallmarks as financial-services contracts. After years of study, the FCC has divided site-commission payments into two categories: (1) payments that compensate correctional facilities for the costs they incur in providing telecommunications access, and (2) payments that "compensate[e] the facilities for the transfer of market power over inmate calling services from the facilities to the providers."[24] The FCC has concluded that commission payments in the second category (i.e., those that do not compensate the facility for actual costs) are a division of profits (or "locational rents," in economic terms), and are therefore not considered provider-costs for purposes of regulatory accounting.[25] This approach has also been endorsed by the Court of Appeals for the D.C. Circuit, which allowed the FCC to "assess . . . which portions of site commissions might be directly related to the provision of [telecommunications service] and therefore legitimate, and which are not."[26]

[20] Ariel Nelson & Stephen Raher, "Captive consumers: How government agencies and private companies trap and profit off incarcerated people and their loved ones," *Inquest* (Mar. 19, 2022); *Justice Involved Individuals* at 14-17.

[21] Tommaso Bardelli, Zach Gillespie & Thuy Linh Tu, "Blood from a stone: How New York prisons force people to pay for their own incarceration," Prison Policy Initiative Blog (Oct. 27, 2021).

[22] *Id.*

[23] Although PPI does not currently have comprehensive data regarding how many correctional systems receive site-commission revenue from money-transfer services, we have prioritized this as a research focus to pursue in the near future.

[24] *In the Matter of Rates for Interstate Inmate Calling Services*, WC Dkt. No. 12-375, Third Report & Order, Order on Reconsideration, and Fifth Further Notice of Proposed Rulemaking ¶ 312, 36 FCC Rcd. 9519, 9660 (released May 24, 2021).

[25] *Id.* ¶ 107, 36 FCC Rcd. at 9565-9566.

[26] *Global Tel*Link v. FCC*, 866 F.3d 397, 414 (D.C. Cir. 2017).

We encourage the Bureau to use an analytical framework similar to the FCC's when examining correctional money-transfer fees. In particular, we recommend that the Bureau investigate whether correctional facilities even incur any material costs related to accepting money transfers. Although the specific numbers are subject to debate, facilities arguably incur *some* costs related to telecommunications (e.g., assigning staff to oversee the installation of hardware, maintaining certain customer-account information, and distributing calling cards). In contrast, it is not at all apparent that facilities incur comparable costs with respect to money transfers. Money transfers consist merely of book entries (made by the vendor), which ultimately provide individual recipients with funds to spend on various goods and services, thereby *enriching* the correctional facility. Accordingly, the division of profits between money-transfer vendors and correctional facilities raises serious questions regarding consumer protection and anti-competitive conduct.

C. Money-Transfer Vendors Appear to Use their Position of Power to Degrade the Utility of Low-Cost Alternatives and Impose Unreasonable Terms

In addition to high fees, correctional money-transfer vendors also appear to employ other unfair and abusive practices, including steering customers away from low-cost options and imposing a host of oppressive provisions in standard-form terms of service.

Although most states technically allow fee-free transfers by money order, the vendors who process these payments often exploit consumer anxiety—specifically around the decreasing speed of first-class mail delivery[27]—to discourage consumers from using this lower-cost (and therefore less-profitable) alternative.[28] As for consumer-facing terms and conditions, money-transfer vendors routinely impose arbitration provisions, even though consumers can hardly be considered to have voluntarily agreed to such terms in the context of a vital service (providing sorely needed funds to an incarcerated loved one) offered on a take-it-or-leave-it basis. As discussed in our report, adhesive terms and conditions also include oppressive disclaimers of warranties and problematic privacy policies.[29]

Although money-transfer vendors are overseen by state money-services regulators, the focus of his oversight is on prudential soundness, not consumer protection. Accordingly, we support any effort by the Bureau to fill this vacuum by addressing unfair and abusive treatment of consumers by firms in this market.

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[27] *See infra*, note 40.
[28] *See* Exh. 1 at 9.
[29] *Id.* at 9-10.

III. Release Cards Remain A Problematic and Unusually Coercive Financial Product

In 2015, PPI provided information to the Bureau regarding a then-novel development in consumer finance: correctional facilities were starting to use Mastercard-branded, open-loop prepaid cards to make payments to people leaving custody.[30] In our 2015 comments, we provided a survey of selected release-card fee schedules, showing that several companies were using these cards to bleed cardholders of their own money though a complex maze of non-cost-based fees.[31]

In the intervening years, several things have changed—release cards have been adopted in numerous jurisdictions and the Bureau has clarified that such cards are governed by Regulation E.[32] Additionally, in 2021, the Bureau entered into a consent order with one of the largest release-card companies, JPay LLC (a subsidiary of Aventiv Technologies), addressing the company's history of using its market dominance to drain millions of dollars of cardholder value in the form of fees that consumers could not reasonably avoid.[33] In announcing the enforcement action, the Bureau accurately characterized JPay's conduct as illustrating "some of the market failures and harms that occur when the disbursement of government benefits is outsourced to third-party financial services companies that fail to adhere to the law."[34]

Today, PPI is pleased to refresh the record with an updated survey of release-card fees and contractual provisions. Using records in the Bureau's prepaid product agreements database (the "Database"), we collected fee disclosures for all active prepaid cards that: (1) were marked with the product-type code "prison release," or (2) were associated with known release-card issuers, marketers, or program managers. Using these parameters, we examined documents for forty-eight active release cards issued by five different financial institutions.[35] Fee information for these cards is compiled in **Exhibit 2** and our findings are discussed below.

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[30] Prison Policy Initiative Comments in Docket No. CFPB-2014-0031 (Mar. 18, 2015).
[31] *Id.* at 4.
[32] CFPB, Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation E), Final Rule & Official Interpretations, 81 Fed. Reg. 83934, 83968 (Nov. 22, 2016) (definition of "prepaid account" includes release cards).
[33] JPay Consent Order, *supra* note 9.
[34] Statement of CRPB Director Rohit Chopra on the JPay Enforcement Action (Oct., 19, 2021). The reference to "government benefits" stems from the fact that some prison release cards include a modest payment of "gate money" to help cover personal costs in the immediate days following release.
[35] A prominent point of ambiguity concerns JPay's apparent non-compliance with the Bureau's database-submission rules (discussed below in section III.D.1). Accordingly, some of the summary figures in the following analysis are subject to some uncertainty with regards to the fourteen JPay cards included in the data set. We have chosen to include JPay fees listed as "active" in the Bureau's database. Although this fee information seems to be superseded by the terms of the JPay Consent Order, it represents the state of the market prior to the enforcement action, and where the market may return upon the expiration of the consent order.

A. A Review of Account Documents in the Bureau's Database Shows that Consumers Face A Veritable Obstacle Course if They Want to Realize the Full Value of Funds Loaded onto Prepaid Cards

When considering consumer use of release cards, it is worth emphasizing that no cards in our data set allow consumers to make additional value loads after the card is first issued. Research has shown that consumers use prepaid cards most effectively when they schedule regular value loads.[36] This allows unbanked consumers to actually derive convenience and value from some prepaid cards.[37] In addition, the length of time a card remains active also impacts the card issuer's business model: the longer a card remains active, the more it is used for transactions, which increases the interchange revenue for the card issuer.[38] Because release cards do not allow for consumer-initiated value loads, card issuers seemingly design cards with the expectation that they will be used for short periods of time and thus revenue must come from cardholder fees as opposed to interchange fees.

From the consumer perspective, the holder of a release card faces a two-pronged challenge in extracting maximum value from the card: they must use all the funds on the card while also minimizing the amount paid in fees. This proves to be a herculean task given the complexity of fee structures and the unique personal challenges commonly faced by people in the early days after their release from custody.

A cardholder has six ways to use the value on their release card, all of which entail difficulties and many of which involve fees. These six methods are discussed below.

<u>Exercise "opt out" rights during grace period</u>. Our review of fee disclosures indicates most cards that feature periodic maintenance fees provide cardholders a grace period during which they can request a refund (via check), so long as they do not use the card for even a single transaction. Grace periods are usually between two and thirty days. After excluding one card with a atypically long grace period (of two years), the mean grace period in our data set is ten days.

There are three leading impediments to consumers exercising their opt-out rights. First, the consumer must act promptly (sometimes as quickly as within 48 hours of release) during a time when they are likely to be overwhelmed with tasks related to pending legal proceedings, securing housing, finding employment, complying with terms of supervised release, or reestablishing personal relationships. Second, opting out generally requires a phone call to customer service or possibly a web-based request, even though people

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[36] Stephanie M. Wilshusen, et al., Fed. Reserve Bank of Philadelphia, Payment Cards Center, "Consumers' Use of Prepaid Cards: A Transaction-Based Analysis" at 25-26 (Aug. 2012) (finding significantly greater consumer utilization of prepaid debit cards when consumer schedules a regular value load; based on a review of more than 3 million prepaid cards).
[37] Jennifer Romich, Sarah Gordon & Eric Waithaka, Indiana State Univ. Networks Financial Institute Working Paper 2009-WP-09, "A Tool for Getting by or Getting ahead? Consumers' View on Prepaid Cards," at 12-13 (Oct. 2009).
[38] Wilshusen at 35-37.

recently released from custody frequently lack reliable phone or internet service.[39] Finally, refunds are generally sent via a mailed check, even though people recently released from long terms of incarceration are likely to need time to establish a mailing address and are unlikely to be able to wait for delivery under the U.S. Postal Service's newly degraded delivery standards.[40]

<u>Make purchases at Mastercard-accepting merchants</u>. Ideally, holders of release cards could use their balances to make point-of-sale or online purchases. There are four challenges associated with this option. First, some cards charge cardholders for making purchases (seven cards levy such fees, averaging 71¢ per transaction). Second, some payees, such as landlords, do not accept debit cards. Third, for cards with periodic maintenance fees, the longer it takes the consumer to spend down their balance, the more they will pay in fees. Finally, there is the problem of residual unspent value: at some point there will be a small amount left on the card that is difficult to spend.[41] Here, the consumer faces numerous complex options that entail more effort than a rational consumer is likely to spend to unlock a modest amount of money. The consumer could attempt to use the remaining value to fund part of a purchase, but this requires the cardholder to know the precise balance on the card (which may require internet access or payment of a balance-inquiry fee) and merchants are not required to accommodate such "split tender" transactions.[42] Alternatively, the cardholder might be able to use a transfer or refund option, but those entail other difficulties (as discussed in the following paragraphs).

<u>Withdraw cash at an automated teller machine ("ATM")</u>. Obtaining cash from an ATM presents its own set of challenges. First, because ATMs only dispense cash in denominations of $20 (or, occasionally, $10 or $5), cardholders with balances not evenly divisible by the ATM's bill denominations face the same residual unspent-value challenge described in the previous paragraph. Second, ATM usage is costly due to fees imposed both by the card issuer and operators of "foreign" ATM networks.[43] Twenty-nine release cards (60% of the data set) impose fees for ATM withdrawals (with an average fee of $2.58 per transaction). Sometimes these fees apply only to out-of-network ATMs, but some cards do not offer a surcharge-free ("on us") ATM network, meaning that *all* ATM transactions using those cards will incur fees (and if a card does offer a

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[39] *See* Peter Wagner, "The demographics of computer ownership and high-speed internet access," Prison Policy Initiative Blog (Mar. 17, 2017).

[40] *See* Steve Hutkins, "How slower mail has become a fact of life: USPS Service performance and postal reform," Save the Post Office Blog (Feb. 14, 2022) (discussing the Postal Service's on-time performance data from the first quarter of 2022, showing that only 78.5% of first-class mail with a 3-5 day delivery target is delivered within the target timeframe).

[41] *See R. Crane, J. Escobar & D. Sornette*, "The Donation-Payment Gift Card Concept: How to Give Twice with One Card" (2005) ("It is estimated that anywhere from five to 14 percent of the value of each [stored-value] card goes unused (on average).").

[42] *See* Mastercard, Frequently Asked Questions: "Prepaid Cards," available at https://www.mastercard.us/en-us/frequently-asked-questions.html (splitting payment between a prepaid card and another payment method "may not be supported by all merchants") (last visited Apr. 11, 2022).

[43] *See* Wilshusen at 69, tbl. 5.3 (showing that 81.1% of cash withdrawals from prepaid cards incur a surcharge).

surcharge-free network of ATMs, cardholders may not be able to conveniently locate an in-network ATM). In addition, twenty-four cards impose a fee for declined ATM transactions (averaging 62¢). To avoid a declined-ATM-withdraw fee, a cardholder may want to check their available balance, but doing that at an ATM caries a fee (ranging from 50¢ to $1.50) on thirty-seven release cards (77% of the data set).

Transfer the balance of the card to a bank account. Two of the three dominant release card brands (Access Corrections and Numi) appear to allow no-fee ACH transfers to a bank account, although cardholder materials do not provide much detail about how to accomplish this, beyond referring consumers to the program manager's website. While this functionality is quite useful for cardholders with bank accounts, the primary drawback is that people being released from long terms of incarceration are highly unlikely to have deposit accounts.[44]

Perform an in-person withdrawal at a bank. Over-the-counter withdrawals appear to often be fee-free, but the primary challenge is determining how to perform such a transaction. The standard form cardholder agreement for Axiom Bank's release cards (branded as Access Corrections) states that cardholders must perform over-the-counter withdrawals at a "MasterCard® principal financial institution," but cardholder materials provide no information on how to determine which bank branches fall within this category. Central Bank of Kansas City's cards (branded as Numi Financial) offer no guidance about which banks will perform over-the-counter withdrawals, but do warn that banks offering this service may impose their own fees.

Close the card and request a refund. Finally, a cardholder may be able to request that the account be closed and receive a refund via mailed check. Seventeen release cards (all issued by Central Bank of Kansas City and managed by Numi Financial) charge $9.95 for this service, which essentially renders this refund mechanism unavailable for anyone with a residual balance of less than $10.

B. Certain Types of Release-Card Fees are Presumptively Unreasonable

All release-card fees are troublesome to the extent that cardholders do not have a realistic ability to access alternative payment methods. Nonetheless, some types of fees stand out as particularly unreasonable because they do not appear to compensate card issuers for real costs. We discuss the most objectionable of these fees below.

Purchase fees. Although card issuers do incur some costs to process payment transactions, they are already compensated for these costs through interchange fees. Indeed, Mastercard rules specify that the costs of operating the network are to be borne by the financial institutions that are members of the Mastercard network.[45] Collecting fee revenue from cardholders for processing purchase transactions thus appears to be a form of double recovery.

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[44] *See Justice Involved Individuals* § 4.2 (discussing challenges to opening a bank account after being incarcerated).
[45] Mastercard Rules § 3.4 (Dec. 7, 2021).

Declined-purchase fees. Twenty-four release cards (half of our data set) charge fees for declined transactions, with an average fee amount of 62¢. These fees are especially difficult to justify because no available evidence indicates that issuers or program managers incur *any* expense when an authorization request is declined. Accordingly, these fees appear to be nothing more than enrichment at the expense of consumers who are least able to absorb these costs.

Periodic maintenance fees. Because interchange fees compensate card issuers for the expense of processing transactions, periodic account maintenance fees also seem unnecessary. Card issuers already enjoy interest-free use of unspent cardholder funds, thus it is not clear why cardholders should pay a fee based on the mere existence of an account. Of particular concern is the prevalence of *weekly* maintenance fees in the release-card market. Of the forty-eight cards in our data set, eighteen (38%) charge monthly maintenance fees, while sixteen (33%) charge weekly maintenance fees. While the average monthly fee is $4.01, the average weekly fee is $2.25. Thus, in a month with four weekly billing cycles, the average cardholder with a weekly-fee card would pay $9 in maintenance fees—more than twice the average monthly cost for cards with monthly fees. While we believe that all release-card maintenance fees are unfair as a normative matter, weekly fees are particularly odious and appear to be used for purposes of obscuring the cumulative cost borne by consumers.

Account closure fees. Cards issued by Central Bank of Kansas City (and managed by Numi Financial) feature a $9.95 fee for closing an account and receiving a check. The nature and amount of this fee is particularly puzzling, given that the same issuer's standard cardholder agreement claims that cardholders can transfer their remaining balance via ACH for no fee at all. With average ACH fees topping off at around $2 for a typical consumer transaction, it is difficult to understand why this issuer would charge nothing for ACH transfers but nearly $10 for a check payment that costs 58¢ (the current cost of a first-class postage) plus the de minimus cost of printing a check (unless, perhaps, the no-fee ACH option is an attempt to appear reasonable while resting comfortably in the knowledge that a majority of cardholders are unbanked and thus will not be able to use this feature).

Customer service. Thankfully, fees for accessing live customer service agents have apparently fallen out of favor. Although two fee disclosures list $1 fees for calling customer service, these are both JPay cards, and these fees are presumably out-of-date under the terms of the Bureau's consent order. Nonetheless, PPI would support any effort to categorically prohibit such fees on any type of prepaid card.

C. Arbitration Provisions in Cardholder Agreements are Particularly Abusive

Of the release-card agreements we reviewed, all but one include a mandatory arbitration provision.[46] This is especially troublesome because release cards are the ultimate form of

[46] The card apparently used by the North Dakota Department of Corrections (and issued by Comerica Bank) does not contain an arbitration provision. *See* Database ID 46984,

non-consensual transaction: the only choice the consumer has is whether to walk away from their own money, or to use the card and try to extract the maximum possible value. Given the thoroughly involuntary nature of these cards, consumer litigants have been quite successful in setting aside release-card arbitration agreements in class action litigation.[47]

When PPI first examined release-card contracts in 2015, few if any cards provided a grace period. Now, every card that imposes a periodic maintenance fee also allows a grace period for cancellation. These new policies do not appear to be grounded in a desire to treat consumers fairly, but rather seem to be a cynical attempt to defeat future class-action litigation.

Cardholder agreements seemingly use grace periods to manufacture a veneer of consumer choice, when in fact no such choice reasonably exists for typical cardholders. For example, Axiom Bank's standard cardholder agreement (which is printed in 7-point typeface) states: "If you do not agree to these terms, do not use the card; or if you would like to cancel call Customer Service. . . . Otherwise, your *acceptance and/or use* of the Card will be evidence of your agreement to these terms" (emphasis added).[48] One wonders what "acceptance" of the card even means in the context of a release card—is a consumer expected to refuse the card even though most jails will not offer to disburse funds in any other manner? Calling this a choice streteches the meaning of the word "choice" far beyond its reasonable boundaries. Read literally, the use of "and/or" in Axiom's agreement seems to set Axiom up to argue that cardholders have consented to arbitration merely by accepting possession of the card.

Central Bank of Kansas City, for its part, employs even more adhesive language, giving the impression that the issuer is using boilerplate terms to manufacture facts that may not actually exist. A "black box" label on its standard cardholder agreement (using 7.92-point typeface) states:

> By accepting and using this card, I acknowledge that I authorized *and requested* the return of my funds on this Prestige Prepaid Mastercard. I further understand

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https://www.consumerfinance.gov/data-research/prepaid-accounts/search-agreements/detail/46984/.

[47] *Reichert v. Keefe Commissary Network*, No. 17-cv-5848-RBL, Order Denying Motions to Compel Arbitration, 2018 WL 2018452, *2 (W.D. Wash. May 1, 2018) ("All contracts, including those to arbitrate disputes, must have mutual assent, and Defendants' 'contract' to arbitrate is unenforceable and unconscionable under Washington law."); *Brown v. Stored Value Cards, Inc.*, No. 15-cv-01370-MO, Order Denying Motion to Compel Arbitration, 2016 WL 755625, *4 (D. Or. Feb. 25, 2016) ("[Plaintiff] *had* to take the card and *had* to work through the Defendants' system in order to get her money back. . . . It is not clear that Plaintiff was presented with a meaningful choice."); *see also Regan v. Stored Value Cards, Inc.*, 85 F. Supp.3d 1357 (N.D. Ga. 2015), *aff'd* 608 Fed. Appx. 895 (11th Cir. 2015) (court denied motion to compel arbitration and ordered an evidentiary hearing on whether a contract had been formed; case settled before evidentiary hearing).

[48] *See e.g.*, Database ID 158580, https://www.consumerfinance.gov/data-research/prepaid-accounts/search-agreements/detail/158580/.

> that I may choose not to use the card and can request a check be mailed to me in accordance with the terms set forth in the Cardholder Agreement.
>
> After receiving your card if you do not use your card and if you are within the grace period for your card, you may request a check in the amount of your funds to be mailed to you by calling us . . . or going online.[49]

Federal courts have gone far beyond the text of the Federal Arbitration Act ("FAA")[50] to create a judge-made doctrine favoring the enforcement of dubious arbitration provisions in adhesive consumer contracts.[51] However, even under the most expansive FAA jurisprudence it is difficult to see how arbitration provisions in release-card contracts could reasonably be enforced. In the context of a consumer contract of adhesion, the consumer must consent to the terms, and his or her "conduct . . . is not effective as a manifestation of . . . assent unless [the consumer] intends to engage in the conduct and knows or has reason to know that the other party may infer from his [or her] conduct that he [or she] assents."[52] In the case of release cards, it is problematic to assume that consumers intend to assent to an arbitration provision because: (1) the card issuer is in no position to know whether the consumer even received a copy of the cardholder agreement (correctional facilities are responsible for distributing cardholder materials, and do not always do so consistently), (2) even if a consumer receives a copy of the cardholder agreement, there is no reason to think that they would read the (literal) small print or understand the impact of the arbitration clause, and (3) many cardholders have no viable alternative for accessing their own money other than using the card.

Federal law provides a useful analogy in the form of case law regarding arbitration provisions in online contracts. Courts will generally not enforce a "browserwrap" arbitration provision unless the party seeking to enforce the contract can show: "(1) the website provides reasonably conspicuous notice of the terms to which the consumer will be bound; and (2) the consumer takes some action, such as clicking a button or checking a box, that unambiguously manifests his or her assent to those terms."[53] By making opt-out procedures cumbersome and burying arbitration provisions in small-print that the consumer may not even receive, it is not reasonable for card issuers to construe card usage as an unambiguous manifestation of assent; yet, this is precisely the dynamic that cardholder agreements proclaim to establish. Although the validity of these arbitration provisions is doubtful, issuers have now put the onus on cardholders to engage in costly *ex post* litigation to obtain a judicial ruling on the enforceability of these provisions. Given the overall context of how and when release cards are used, the mere attempt to impose an arbitration provision on cardholders is unfair and abusive. PPI encourages the Bureau to employ all tools at its disposal to prohibit these practices.

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[49] *See e.g.*, Database ID 199646, https://www.consumerfinance.gov/data-research/prepaid-accounts/search-agreements/detail/199646/ (emphasis added).
[50] Title 9, U.S. Code.
[51] *See generally*, Anthony J. Sebok, *The Unwritten Federal Arbitration Act*, 65 DePaul L. Rev. 687 (2016); David Horton, *Unconscionability Wars*, 106 N.W.U. L. Rev. 387 (2015).
[52] *Berman v. Freedom Financial Network*, No. 20-16900, 2022 WL 1010531, slip op. at 10-11 (9th Cir. Apr. 5, 2021) (quoting Restatement (Second) of Contracts § 19(1) (1981)).
[53] *Id.* at 12.

D. The Release-Card Industry's Compliance with Regulation E's Information-Submission Rule Appears to be Spotty at Best

As part of the implementing regulations for the Electronic Fund Transfer Act,[54] the Bureau requires card issuers to submit prepaid account agreements and legally-mandated fee disclosures to the Bureau's Database.[55] The release-card industry's compliance with this data-submission requirement leaves much to be desired. Separate problems arise with respect to JPay's apparent flaunting of this rule versus general non-compliance across the industry. We discuss each problem in turn

1. JPay's Perplexing Non-Compliance

As noted previously, JPay entered a consent order with the Bureau in October 2021. The information in the Database raises two questions concerning JPay's compliance with the terms of the consent order. First, JPay agreed to cease charging numerous types of cardholder fees in connection with its release-card products.[56] Yet the operative JPay fee agreements in the Database (marked as "active") list a panoply of fees that appear to be prohibited under the consent order.

Second, JPay agreed to comply with "*all* applicable Federal consumer financial laws."[57] One such law is Regulation E's provision requiring submission of complete information (including cardholder agreements and long-form fee disclosures) to the Database within 30 days of any amendment.[58] Yet none of JPay's information in the Database has been updated since April 2021, and nearly every JPay record in the Database fails to include the required long-form fee disclosure and cardholder agreement.

JPay's seeming failure to fulfill its obligations under Regulation E's public-disclosure requirement raises serious questions about the company's compliance with the recently executed consent order.

2. Most Release-Card Companies Seem to Ignore the "Relevant Party" Database Disclosure Rule

Most release-card companies appear to regularly ignore the Bureau's requirement that Database entries include "names of other relevant parties . . . such as the employer for a payroll card or the agency for a government benefit program."[59] In the case of a release card, the correctional agency clearly qualifies as a "relevant party" for purposes of this rule. Yet numerous release-card entries in the Database fail to identify any relevant parties.

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[54] 15 U.S.C. § 1693, *et seq.*
[55] 12 C.F.R. § 1005.19.
[56] JPay Consent Order ¶ 69(a).
[57] *Id.* ¶ 71 (emphasis added).
[58] 12 C.F.R. § 1005.19(b).
[59] 12 C.F.R. §§ 1005.19(b)(1)(i) and (b)(2)(ii).

The importance of this rule for consumer protection can be illustrated as follows: people released from jail frequently complain that jail staff do not provide them with copies of cardholder agreements and fee disclosures. If a person in such a situation receives a release card issued by Central Bank of Kansas City and managed by Numi Financial, they might visit the Bureau's website to find the necessary card information in the Database. If this hypothetical cardholder looks up release cards issued by Central Bank of Kansas City, they will find nineteen different release cards with vastly different fee schedules. None of the entries list a relevant party, and the cards are only identified by alphanumeric designations that have no inherent meaning (version 1B, 1C, 3B, etc.). Without linking specific cards to specific correctional agencies, the information in the Database will not help cardholders determine which terms and fees govern their particular release card, thus thwarting the purpose of the Database.

IV. Conclusion

PPI thanks the Bureau for highlighting the challenges confronting justice-involved consumers, and we encourage the agency to keep this population in mind when crafting any policy proposals that result from this proceeding.

Consumers from all walks of life stand to benefit from Bureau initiatives that address the explosion in junk financial fees, and there are many possible strategies that could come out of this proceeding. PPI remains committed to assisting the Bureau in making sure that any such policy proposals address the unreasonable fees currently imposed on consumers who are compelled to use correctional money-transfer services or release cards.

Sincerely,

Stephen Raher

Stephen Raher
General Counsel

Attachments

Exhibit 1

Stephen Raher & Tiana Herring, *Show Me the Money: Tracking the Companies that Have a Lock on Sending Funds to Incarcerated People* (Nov. 9, 2021)

PRISON
POLICY INITIATIVE

Show me the money: Tracking the companies that have a lock on sending funds to incarcerated people

We looked at all fifty state departments of corrections to figure out which companies hold the contracts to provide money-transfer services and what the fees are to use these services.

by Stephen Raher and Tiana Herring, November 9, 2021

As people in prison are increasingly expected to pay for everyday costs (food, hygiene items, correspondence, etc.), the mechanics of how people send money to incarcerated people assumes heightened importance. Family members used to mail a money order to a PO box, and a day or two later, the money would be in the recipient's trust account.[1] In those days, the most common complaint from family members and incarcerated recipients used to be about delays in processing money orders. Quick to use consumer psychology to turn a buck, a whole industry arose to provide faster–but vastly more expensive–electronic money transfers to incarcerated people.

This "correctional banking" industry includes specialized services like release cards, but at its core the industry makes money off the simple (but highly lucrative) business of facilitating transfers from friends and family members to incarcerated recipients. The industry relentlessly crows about the speed of electronic transfers, while conveniently glossing over the high fees that typically accompany these services. To get a better sense of the landscape, we looked at all fifty state departments of corrections and tried to figure out which companies (if any) hold the contract(s) to provide money-transfer services for each prison system. When possible, we tried to figure out what the fees are to use these services.

Below, we provide the results of our review, identify notable trends in this realm, and highlight steps families of people who are incarcerated, regulators, procurement officials, and companies can take to make money transfers more convenient, affordable, and easy to understand.

Table of Contents

Agency with link to policy	Money-Transfer Vendor(s)	Type of Vendor & Status of Competition	Mailed Payments Allowed?	Fee(s) for a $20 online transfer	Fee(s) as percentage of amount transferred	Fee(s) for a $50 online transfer	Fee(s) as percentage of amount transferred
Alabama Department of Corrections	Access Corrections	Monopoly	Yes	$2.95	15%	$5.95	12%
Alaska Department of Corrections	None–DOC accepts mailed payments only	N/A – handled in-house	Required (no online option)	N/A		N/A	
Arizona Department of Corrections Rehabilitation & Reentry	Securus (JPay), GTL, Keefe	Multiple options	No	$0.95 (Keefe)/ $0.95 (JPay)/ $1.00 (GTL)	5% (all options)	$5.95 (Keefe)/ $5.95 (JPay)/ $4.95 (GTL)	12% (Keefe)/ 12% (JPay)/ 10% (GTL)
Arkansas Department of Corrections	In-house solution powered by Information Network of Arkansas (https://ina.arkansas.gov/); Access Corrections	Multiple options (including in-house)	Yes	$2.00 (in-house)/ $1.75 (Access Corr)	10% (in-house)/ 9% (Access)	$3.00 (in-house)/ $2.75 (Access Corr)	6% (both)
California Department of Corrections & Rehabilitation	Securus (JPay), GTL, Access Corrections	Multiple options	Yes	$1.95 (JPay)/ $3.95 (GTL)/ $3.50 (Access)	10% (JPay)/ 20% (GTL)/ 18% (Access)	$7.95 (JPay)/ $5.95 (GTL)/ $6.95 (Access)	16% (JPay)/ 12% (GTL)/ 14% (Access)
Colorado Department of Corrections	Securus (JPay), GTL, Western Union	Multiple options	No	$3.70 (JPay)/ $2.75 (GTL)/ $3.95 (WU)	19% (JPay)/ 14% (GTL)/ 20% (WU)	$6.70 (JPay)/ $4.75 (GTL)/ $6.95 (WU)	13% (JPay)/ 10% (GTL)/ 14% (WU)
Connecticut Department of Correction	Securus (JPay), GTL (Touch Pay), Western Union	Multiple options	Yes	$2.95 (JPay)/ $3.95 (WU)/ Touchpay unverifiable	15% (JPay)/ 20% (WU)	$5.95 (JPay)/ $6.95 (WU)	12% (JPay)/ 14% (WU)/ Touchpay unverifiable
Delaware Department of Correction	DOC operates in-house	N/A – handled in-house	Required (no online option)	N/A		N/A	
Florida Department of Corrections	Securus (JPay)	Monopoly	Yes	$4.95	25%	$8.95	18%
Georgia Department of Corrections	Securus (JPay)	Monopoly	Yes	$3.50	18%	$6.50	13%
Hawaii Department of Public Safety		N/A – handled in-house	Required (no online option)	N/A		N/A	
Idaho Department of Correction	Access Corrections	Monopoly	Yes	$7.45	37%	$7.45	15%
Illinois Department of Corrections	Securus (JPay), GTL, Western Union	Multiple options	Yes	$6.95 (JPay)/ $3.50 (GTL)/ $3.95 (WU)	35% (JPay)/ 18% (GTL)/ 20% (WU)	$7.95 (JPay)/ $5.75 (GTL)/ $6.95 (WU)	16% (JPay)/ 12% (GTL)/ 14% (WU)
Indiana Department of Correction	GTL	Monopoly	Yes	$2.20	11%	$3.25	7%
Iowa Department of Corrections	Securus (JPay), Access Corrections, Western Union	Multiple options	Yes	$3.95 (JPay)/ $6.49(Access)/ $3.95 (WU)	20% (JPay)/ 32% (Access)/ 20% (WU)	$6.95 (JPay)/ $6.49(Access)/ $6.95 (WU)	14% (JPay)/ 13% (Access)/ 14% (WU)
Kansas Department of Corrections	Securus (JPay), Access Corrections	Multiple options	Yes	$6.70 (JPay)/ $6.70 (Access)	34% (JPay)/ 34% (Access)	$6.70 (JPay)/ $6.70 (Access)	13% (JPay)/ 13% (Access)
Kentucky Department of Corrections	Access Corrections	Monopoly	Yes	Data not available		Data not available	
Louisiana Department of Public Safety & Corrections	Securus (JPay)	Monopoly	Yes	$3.50	18%	$6.50	13%
Maine Department of Corrections	DOC operates in-house	N/A – handled in-house	Yes	$2.40	12%	$2.40	5%
Maryland Department of Public Safety &	GTL	Monopoly	Yes	Data not available		Data not available	

Table 1: Shows the results of a survey of all fifty state departments of corrections. The table shows which companies (if any) hold the contract(s to provide money-transfer services for the system. Each agency name links to its policy.

Agency with link to policy	Money-Transfer Vendor(s)	Type of Vendor & Status of Competition	Mailed Payments Allowed?	Fee(s) for a $20 online transfer	Fee(s) as percentage of amount transferred	Fee(s) for a $50 online transfer	Fee(s) as percentage of amount transferred
Correctional Services							
Massachusetts Department of Correction	Access Corrections	Monopoly	Yes	Data not available		Data not available	
Michigan Department of Corrections	GTL	Monopoly	Yes	$3.95	20%	$6.95	14%
Minnesota Department of Corrections	Securus (JPay)	Monopoly	Yes	$3.95	20%	$6.95	14%
Mississippi Department of Corrections	Premier Services (Cashless Systems, Inc.)	Monopoly	No	$3.35	17%	$5.95	12%
Missouri Department of Corrections	Securus (JPay)	Monopoly	Yes	$3.99	20%	$5.99	12%
Montana Department of Corrections	DOC operates in-house	N/A – handled in-house	Yes	N/A		N/A	
Nebraska Department of Correctional Services	Securus (JPay)	Monopoly	Unclear	$3.95	20%	$6.95	14%
Nevada Department of Corrections	Access Corrections	Monopoly	Yes	$6.95	35%	$6.95	14%
New Hampshire Department of Corrections	GTL	Monopoly	Yes	Data not available		Data not available	
New Jersey Department of Corrections	Securus (JPay)	Monopoly	Yes	$2.95	15%	$6.95	14%
New Mexico Corrections Department		N/A – handled in-house	Required (no online option)	N/A		N/A	
New York Department of Corrections & Community Supervision	Securus (JPay)	Monopoly	Yes	$3.99	20%	$5.99	12%
North Carolina Department of Public Safety	Securus (JPay)	Monopoly	Yes	$3.45	17%	$6.65	13%
North Dakota Department of Corrections & Rehabilitation	Securus (JPay)	Monopoly	Yes	$3.90	20%	$6.90	14%
Ohio Department of Rehabilitation & Correction	GTL	Monopoly	Yes	$3.50	18%	$4.50	9%
Oklahoma Department of Corrections	Securus (JPay)	Monopoly	Yes	$3.95	20%	$6.95	14%
Oregon Department of Corrections	Securus (JPay), ICSolutions/Access Corrections	Multiple options	Yes	$3.95 (JPay)/ $5.95 (ICS/Access)	20% (JPay)/ 30% (ICS/Access)	$6.95 (JPay)/ $5.95 (ICS/Access)	14% (JPay)/ 12% (ICS/Access)
Pennsylvania Department of Corrections	Securus (JPay)	Monopoly	Yes	$1.75	9%	$4.75	10%
Rhode Island Department of Corrections	Access Corrections	Monopoly	Yes	Data not available		Data not available	
South Carolina Department of Corrections	GTL	Monopoly	Yes	$4.00	20%	$4.00	8%

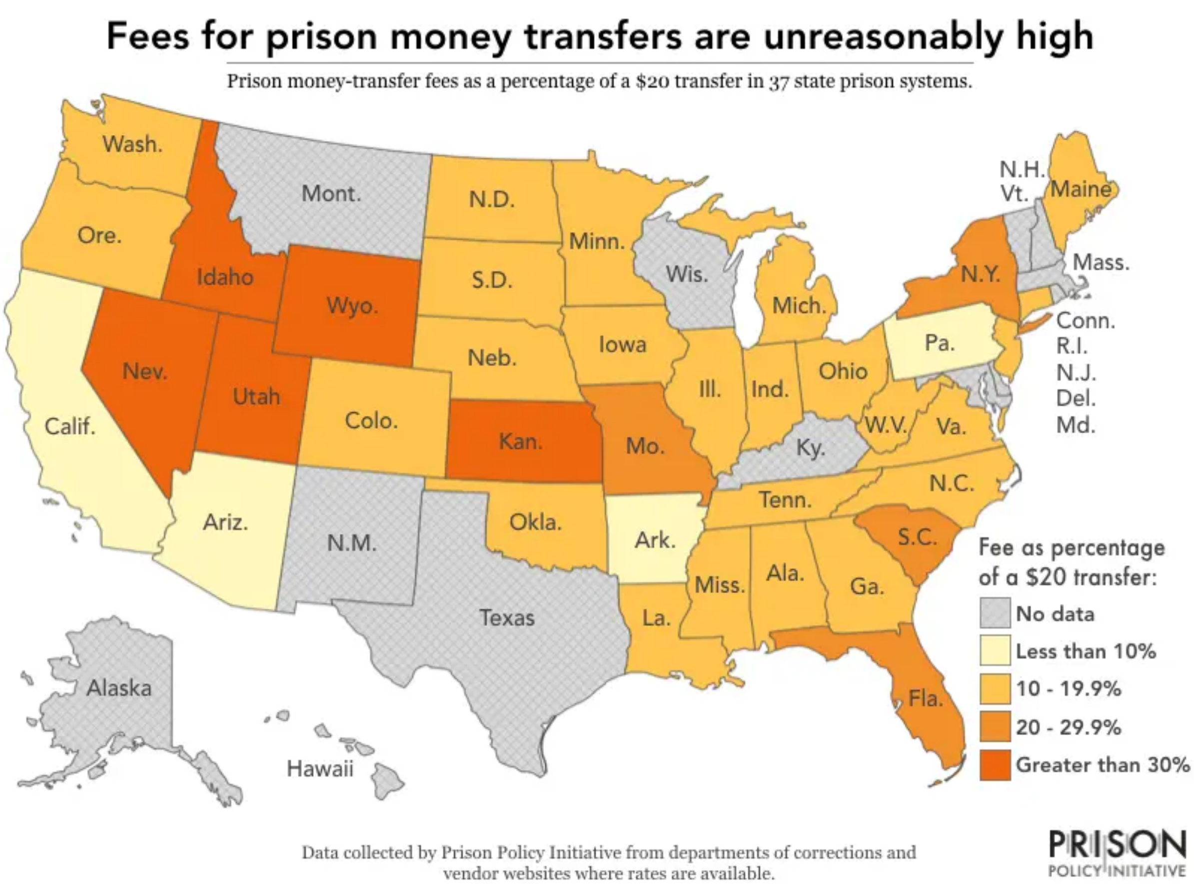
Agency with link to policy	Money-Transfer Vendor(s)	Type of Vendor & Status of Competition	Mailed Payments Allowed?	Fee(s) for a $20 online transfer	Fee(s) as percentage of amount transferred	Fee(s) for a $50 online transfer	Fee(s) as percentage of amount transferred
South Dakota Department of Corrections	JailATM	Monopoly	Yes	$3.25	16%	$5.00	10%
Tennessee Department of Correction	Securus (JPay)	Monopoly	Yes	$3.90	20%	$6.90	14%
Texas Department of Criminal Justice	Securus (JPay), GTL (TouchPay), Access Corrections, America's Cash Express, eCommDirect (state-operated)	Multiple options	Yes	Data not available		Data not available	
Utah Department of Corrections	Access Corrections	Monopoly	Yes	$6.95	35%	$6.95	14%
Vermont Department of Corrections	Access Corrections	Monopoly	Yes	Data not available		Data not available	
Virginia Department of Corrections	Securus (JPay)	Monopoly	Yes	$2.95	15%	$5.95	12%
Washington Department of Corrections	Securus (JPay), Western Union	Multiple options	Yes	$3.95 (JPay)/ $3.95 (WU)	20% (both)	$7.95 (JPay)/ $5.95 (WU)	16% (JPay)/ 12% (WU)
West Virginia Division of Corrections and Rehabilitation	GTL, JailATM	Multiple options	No	$2.75 (GTL)/ JailATM unavailable		$3.75 (GTL)/ JailATM unavailable	
Wisconsin Department of Corrections	Access Corrections	Monopoly	Yes	Data not available		Data not available	
Wyoming Department of Corrections	Access Corrections	Monopoly	Unclear	$5.95	30%	$5.95	12%

Notable trends

Fees for prison money transfers are really high

There is no reasonable explanation why prison money transfers are so much more expensive than regular "free world" services like Venmo.

We live in an age of financial technology (known as "fintech"), where people are accustomed to digitally sending or receiving money from friends and family at little or no cost. A service like Venmo allows no-fee personal transfers from bank accounts or debit cards (payments from a credit card are subject to a 3% fee). Other companies providing similar services charge roughly equivalent fees. [2] We looked at 33 state prison systems where fee information was available. We found rates ranging from 5% to 37% for online transfers. The average fee is 19% for a $20 online transfer, with a slight decline for higher-dollar transfers (the average fee for a $50 transfer is 12%). Fees for phone or in-person payments (options more likely to appeal to low-income people without a bank account) were generally higher than for online payments. There is no reasonable explanation why prison money transfers are so much more expensive than regular "free world" services like Venmo.



Three companies dominate the market

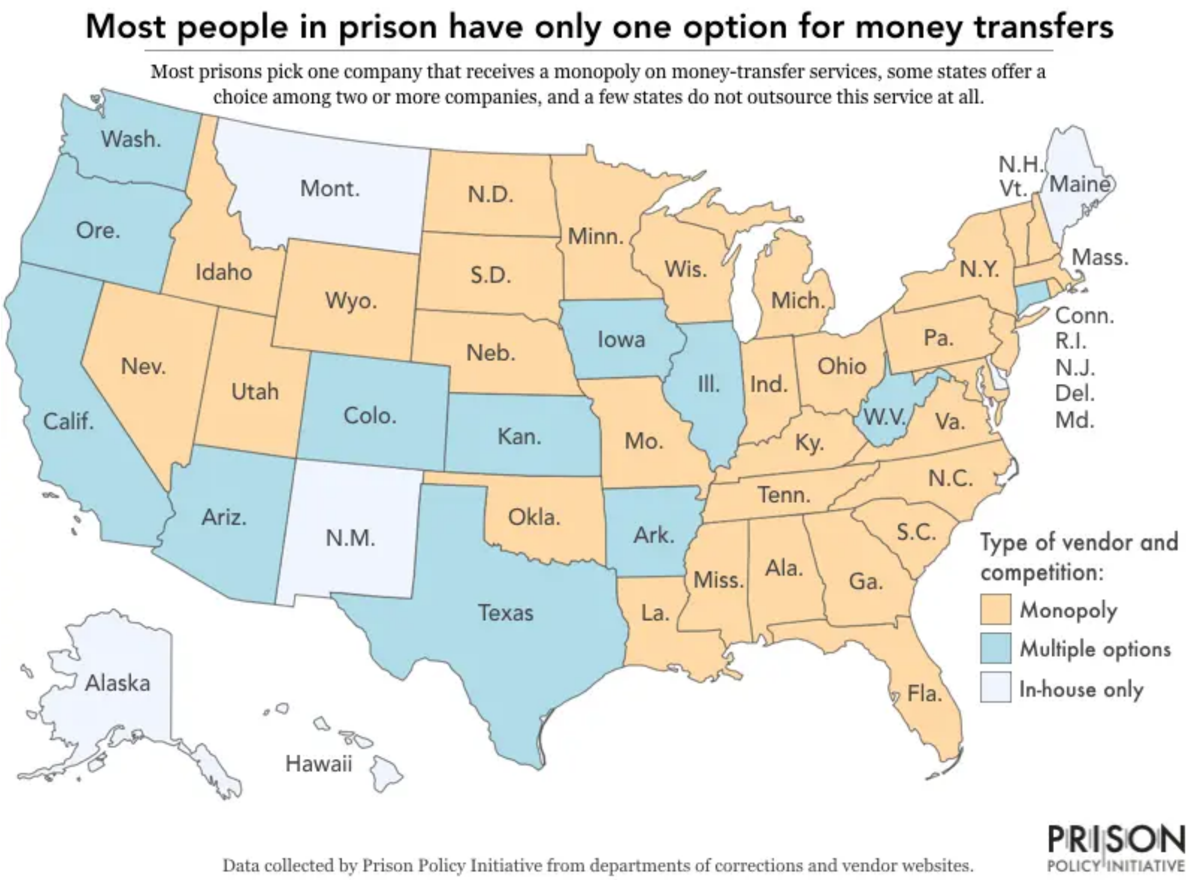
Three companies dominate the correctional money-transfer market, at least where prisons are concerned (it's likely that there are smaller "fringe" players that provide this type of service to jails). The three dominant companies are JPay (a Securus subsidiary that was recently fined $6 million for improper practices in its release-card business), Global*Tel Link (which sometimes uses the tradename "Touchpay"), and Access Corrections.

A few smaller companies also appeared in our survey: a company called JailATM holds a couple of contracts (JailATM is also a minor player in the electronic messaging industry); commissary operator Keefe Group is one of three companies serving the Arizona prison system; and, a company called Cashless Systems, Inc., (a closely-held corporation operated out of a residence in Raleigh, North Carolina and doing business as

Premier Services) holds the contract for Mississippi prisons.

There's a *little bit* of competition

Most prisons pick one company that receives a monopoly on money-transfer services, but at least eleven states (22%) allow people to choose from two or more different companies. [3] Prisons like to give monopoly contracts for things like phone service or operating the commissary. Administrators often cite security concerns as a justification for using only one company as a contractor. But this doesn't seem to be the case when it comes to money transfers, even though a brief review of corrections-department webpages reveals that prison officials have plenty of security concerns about money transfers. [4] It's telling that when it comes to facilitating the flow of money into prison, many corrections departments are suddenly open to competition.



It's unclear how much competition actually benefits consumers

We took a closer look at fees in states that offered more than one option, and found that those states had slightly lower money-transfer fees. For example, the 11 states with multiple options had an average fee of 16% for a $20 transfer, as opposed to an average of 20% in 26 states that issued monopoly contracts (see table 2). [5] But this only tells a part of the story. In the states with more than one option, it can be extremely complicated for a consumer to figure out what the lowest-cost option is.

State with link to policy	Money-Transfer Vendor(s)	Competition	Lowest available fee ($20 deposit)	Fee as percentage of amount transferred*	Lowest available fee ($50 deposit)	Fee as percentage of amount transferred
Alabama	Access Corrections	Monpoly	$2.95	15%	$5.95	12%
Arizona	Securus (JPay), GTL, Keefe	Competitive	$0.95	5%	$4.95	10%
Arkansas	In-house solution powered by Information Network of Arkansas (https://ina.arkansas.gov/); Access Corrections	Competitive	$1.75	9%	$2.75	6%
California	Securus (JPay), GTL, Access Corrections	Competitive	$1.95	10%	$5.95	12%
Colorado	Securus (JPay), GTL, Western Union	Competitive	$2.75	14%	$4.75	10%
Connecticut	Securus (JPay), GTL (Touch Pay), Western Union	Competitive	$2.95	15%	$5.95	12%
Florida	Securus (JPay)	Monpoly	$4.95	25%	$8.95	18%
Georgia	Securus (JPay)	Monpoly	$3.50	18%	$6.50	13%
Idaho	Access Corrections/CashPayToday	Monpoly	$7.45	37%	$7.45	15%
Illinois	Securus (JPay), GTL, Western Union	Competitive	$3.50	18%	$5.75	12%
Indiana	GTL	Monpoly	$2.20	11%	$3.25	7%
Iowa	Securus (JPay), Access Corrections, Western Union	Competitive	$3.95	20%	$6.49	13%
Kansas	Securus (JPay), Access Corrections	Competitive	$6.70	34%	$6.70	13%
Louisiana	Securus (JPay)	Monpoly	$3.50	18%	$6.70	13%
Maine	DOC operates in-house	Monpoly	$2.40	12%	$6.70	13%
Michigan	GTL	Monpoly	$3.95	20%	$6.95	14%
Minnesota	Securus (JPay)	Monpoly	$3.95	20%	$6.95	14%
Mississippi	Premier Services (Cashless Systems, Inc.)	Monpoly	$3.35	17%	$5.95	12%
Missouri	Securus (JPay)	Monpoly	$3.99	20%	$5.99	12%
Nebraska	Securus (JPay)	Monpoly	$3.95	20%	$6.95	14%
Nevada	Access Corrections	Monpoly	$6.95	35%	$6.95	14%
New Jersey	Securus (JPay)	Monpoly	$2.95	15%	$6.95	14%
New York	Securus (JPay)	Monpoly	$3.99	20%	$5.99	12%
North Carolina	Securus (JPay)	Monpoly	$3.45	17%	$6.65	13%
North Dakota	Securus (JPay)	Monpoly	$3.90	20%	$6.90	14%
Ohio	GTL	Monpoly	$3.50	18%	$4.50	9%
Oklahoma	Securus (JPay)	Monpoly	$3.95	20%	$6.95	14%
Oregon	Securus (JPay), ICSolutions/Access Corrections	Competitive	$3.95	20%	$5.95	12%
Pennsylvania	Securus (JPay)	Monpoly	$1.75	9%	$4.75	10%
South Carolina	GTL	Monpoly	$4.00	20%	$4.00	8%
South Dakota	JailATM	Monpoly	$3.25	16%	$5.00	10%
Tennessee	Securus (JPay)	Monpoly	$3.90	20%	$6.90	14%

Table 2: Shows the lowest available online money-transfer fees in states that offered more than one option. When states had multiple vendors, we show the vendor with the lowest fee for $20 and $50 transfers. Each state name links to its policy.

** Amounts are rounded to the nearest whole percentage. This results in small discrepancies between the number in this column and the first map in this briefing.*

State with link to policy	Money-Transfer Vendor(s)	Competition	Lowest available fee ($20 deposit)	Fee as percentage of amount transferred*	Lowest available fee ($50 deposit)	Fee as percentage of amount transferred
Utah	Access Corrections	Monpoly	$6.95	35%	$6.95	14%
Virginia	Securus (JPay)	Monpoly	$2.95	15%	$5.95	12%
Washington	Securus (JPay), Western Union	Competitive	$3.95	20%	$5.95	12%
West Virginia	GTL, JailATM	Competitive	$2.75	14%	$3.75	12%
Wyoming	Access Corrections	Monpoly	$5.95	30%	$5.95	12%

As an example of complexity that can arise from multiple options, consider the California Department of Corrections (which houses over 130,000 people). California contracts with all three of the dominant money-transfer vendors (JPay/Securus, GTL, and Access Corrections). JPay is significantly cheaper than the other companies if you want to send $20. But increase the amount the transfer to $50, and JPay is the most expensive option. Worse yet, the prison department's webpage doesn't show a chart of the different companies' respective fees–so the only way a family member can figure out the different fee options is to create accounts with three different companies, initiate test transactions in each system, and then manually compare the different fees (or maybe hunt around vendor websites for a fee table buried in some non-obvious place). The complexity of the options is outlined in table 3. And keep in mind that this is only an example based on two different amounts–if you wanted to send $30, you'd have to perform another round of test transactions to figure out the cheapest option. This kind of opacity seems purposefully designed to prevent consumers from finding the most cost-effective option.

	$20 transfer		$50 transfer	
Money-transfer vendor	Fee	Fee as percentage of amount transferred	Fee	Fee as percentage of amount transferred
Securus (JPay)	$1.95	10%	$7.95	16%
Access Corrections	$3.50	18%	$6.95	14%
GTL	$3.95	20%	$5.95	12%

Table 3: Selecting the least expensive money-transfer service is incredibly complex In California, which has three vendors, JPay is the cheapest company to send $20, but the most expensive to send $50.

Prisons don't have to outsource

Most prison systems appear to have outsourced money transfers, but there are still some that handle these transactions in-house. Several states still process money-order payments sent through the mail. We also identified four states (Arkansas, Maine, Montana, and Texas) that accept online payments through a general-purpose state-operated online payment platform.

Interestingly, Arkansas recently added Access Corrections as an alternative to the state-operated payment platform. Access Corrections' fees in Arkansas are 25¢ less than the fees for the state-operated system, and are by far the lowest fees we have seen Access Corrections charge in any prison system–thus suggesting that companies set rates based on what other options are available, and they can provide low-cost transfers when they're forced to.

Mailed payments are still an option in many states

The vast majority of states (around 45) still allow people to mail a money order at no fee. Some states direct people to mail those money orders to the department of corrections' accounting office; other states outsource the processing to vendors like JPay and Access Corrections. But, just because there's no fee, doesn't mean there's no cost–between the cost of the money order itself, and a stamp, the sender will probably pay around $2, but that's lower than most online fees.[6] The issue, of course, is speed. The vendors that hold correctional banking contracts earn their profits from fees charged for payments made online or over the phone. Do we trust them to promptly process money orders for which they receive no fee revenue? If their terms of service are any indication, the companies seem to reserve the right to deliberately delay money-order processing.

Don't forget the fine print

People can't use these money-transfer services without agreeing to fine-print provisions (sometimes called "terms of use" or "terms and conditions"). These take-it-or-leave it documents (known to lawyers as contracts of adhesion) are ubiquitous in modern life, but they take on a particularly sinister role in the context of prison money transfers. We all agree to boilerplate terms when we use services like Gmail, Netflix, or Amazon. Even though these giant corporations have the upper hand, there is a faint form of accountability: consumer advocates and journalists routinely scour terms and conditions for unfair surprises; when a particularly egregious term is exposed, companies can be shamed and consumers can "vote with their feet" by switching to other providers. None of these safeguards are applicable to correctional money-transfer services, where the company controls a critical service for incarcerated people.

Terms imposed by the dominant money-transfer vendors are replete with objectionable, misleading, and unfair provisions. We've grouped some of the more problematic provisions into five categories, discussed below.

1. Failure to promise anything in return for consumer's money. Read a money-transfer website, and you'll understandably be left with the impression that you can pay the vendor a fee to transfer money to someone in prison. But read the fine print, it turns out the companies don't actually promise to do anything. All three of the leading companies disclaim "any warranty of any kind, express or implied."[7] Advertising a certain service (like transferring money) and then using fine print to disclaim any responsibility to actually provide that service is considered a deceptive practice under many consumer-protection laws.
2. Seemingly intentional degradation of money-order payments. As noted above, sending a money order is obviously slower than making an online transfer, but in many cases it can be cheaper. But companies seem to go out of their way to make money-order payments arduously slow and plagued by uncertainty. JPay's terms, for example, promise that payments will be "transmitted" within 1 or 2 business days, except for money-orders, which "are *generally* processed within ten (10) business days" (most people would refer to 10 business days as two weeks, which is an inexcusably long amount of time for processing small-dollar consumer payments).[8] Both JPay and Access Corrections disclaim any liability for money orders that they receive, but which are not credited to the recipient's account.[9]

   Companies seem to go out of their way to make money-order payments arduously slow and plagued by uncertainty.
3. Privacy and consumer rights. Companies' terms of use and privacy policies are replete with confusing or troublesome provisions regarding use of customers' data. Some examples:
   - JPay requires customers to consent to a credit check,[10] which makes no sense because JPay does not extend credit and it's unclear why the company needs that kind of private information.
   - Companies say that user information can be shared with law enforcement, which at first glance isn't terribly surprising. But many customers might be surprised that the terms of

information sharing are so broad that they vitiate any kind of reasonable safeguards for consumers. Access Corrections, for example, says that it can share information with law enforcement, but it defines law enforcement as "personnel involved in the…investigative (public and private) or public safety purposes" (which, aside from being atrocious grammar, essentially means they can share your information with anyone who says they have a public safety purpose). [11] GTL allows personal information to be shared with "law enforcement or correctional staff," but doesn't require that such staff have a proper job-related purpose for receiving such information. [12]

  - Access Corrections states that it has the right to use any customer communications to market its services, without notice or compensation to the customer. [13] (Consumer activists successfully sued Facebook in 2011 for using customer likenesses without consent, but Access Corrections is apparently unconcerned about running afoul of the same laws that tripped up the behemoth Facebook).

4. Poorly designed services. Several miscellaneous provisions indicate how poorly these companies carry out their operations. For example, JPay terms state that the only cost to send money is the "service fee" that must be paid prior to making the transfer. [14] But a different paragraph in JPay's terms state that if the company owes money to a customer (e.g., for a refund), and the customer does not claim the money, JPay will eat up the amount of the refund by levying a "monthly service fee" (this monthly fee is not mentioned on any of JPay's fee disclosure pages, nor do the terms of service specify how much the fee is). [15] JPay also requires 2 weeks' advance notice before cancelling a recurring payment (this is probably not allowed under Visa's rules, which reference a 7-day maximum advance notice requirement and require a "simple" mechanism for cancelling recurring payments [16]).
5. Dispute resolution. A lot of us are forced to agree to arbitration provisions buried in the fine print of consumer contracts. But these clauses, which prevent consumers from going to court to vindicate their legal rights, are especially troublesome when the company imposing the provision has a monopoly on an essential service. GTL allows customers to "opt out" of arbitration, but also states that the company can terminate the accounts of customers who exercise that right. [17] JailATM, meanwhile, requires customers to consent to arbitration conducted by the National Arbitration Forum, [18] a disgraced company that was forced to stop conducting consumer arbitrations in 2009 as part of a legal settlement (in fact, we pointed out this problem in our 2016 report on electronic messaging, but JailATM apparently has not bothered to update their terms in the intervening five years). Other troublesome terms that are unrelated to arbitration include one-sided indemnification provisions [19] and limitations periods for disputes that are substantially shorter than most states' statutes of limitations for contract claims. [20]

Suggestions for improvements

The current system is complicated, inconvenient, and expensive. Different people have different opportunities to address these problems, as explained below.

Family members of incarcerated people

It may seem like family members have no leverage in this unfair system, but there are some things they can do to advocate for change.

- Complain about high fees or poor service. The Consumer Financial Protection Bureau ("CFPB") has an easy-to-use online complaint system specifically designed for financial services like money transfers. Your state attorney general may also be able to investigate certain abusive or deceptive practices. If the relevant prison system has an ombuds or office of family support, send a copy of your complaint to them as well.
- Talk to legislators. Money-transfer vendors take advantage of the lack of regulatory oversight. It turns out that money-transfer vendors are subject to regulation in nearly all states as "money-transmitters;"

however, money-transmitter regulations are focused on the fiscal health of the business (known as "prudential regulation"), not protecting consumers. But legislatures can close this loophole. Tell state legislators (or, in the case of jails, county commissioners) about the economic toll of money-transfer fees, and ask them to pass legislation requiring regulatory agencies to enact rules protecting customers of correctional money-transfer services.
- If possible, plan ahead and send a money order to avoid fees. If there are problems with money orders (slow processing, out of state mailing addresses), tell facility management and point out that "just send money online" isn't an adequate response, because the online option is so expensive.

Regulators

- Federal law prohibits financial service providers from taking unreasonable advantage of a consumer's inability to protect their own interests in selecting or using a consumer financial service. [21] Users of correctional money-transfer services are unable to protect their own interests because they must either use a monopoly provider selected by a correctional facility, or choose from 2 or 3 options, all of which appear to set exorbitant prices in relation to their competitors. The CFPB is tasked with enforcing this law, and it should use its investigative and enforcement powers to crack down on unreasonably high money-transfer fees.
- The Federal Trade Commission ("FTC") is also empowered to issue rules prohibiting specific unfair trade practices that cause reasonably foreseeable injury to consumers. [22] The FTC should use this authority, either by itself or in conjunction with the CFPB, to develop rules governing maximum allowable fees and what types of contractual terms vendors can (or can't) impose on customers.

Prison procurement officials

- At least part of the high cost of money transfers comes from some prison systems demanding or accepting "commissions" (or kickbacks) from vendors. As with phone contracts, prisons can help lower costs by refusing commissions.
- Look for in-house alternatives from other parts of state government. Prison systems are departments within state governments. Other state agencies are accustomed to accepting online payments (for vehicle registrations, hunting licenses, tuition, or any number of purposes). Have any of them developed low-cost in-house solutions for processing these payments? And if so, can those solutions be adapted for use in prisons? Arkansas, Maine, Montana, and Texas have figured out how to do it–other states should follow suit.
- Sending a money order by mail is a no-fee option in most states, but the utility of this option is severely limited when vendors deliberately prolong the amount of time it takes to process money orders. States can make this better in a number of ways. If at all possible, keep the processing of money orders in-house. If money-order processing is outsourced, there are two requirements that the state should put into its contract with the money-transfer vendor. First, the vendor should be required to process money orders within one business day of delivery. Second, the vendor should provide an in-state mailing address for all money order payments. [23]
- Post all fees on the DOC information page: as noted above, some states sign contracts with multiple vendors, but don't post the companies' respective fees in one location. Every DOC webpage about money transfers should include an easy-to-read disclosure of applicable fees so that all family members and all staff members are aware of these fees.
- Provide specific details about garnishments/mandatory deductions. Many prison systems deduct money from incoming transfers to pay for mandatory fines, child support, restitution, cost of confinement, or other fees. Money-transfer vendors, unsurprisingly, disclaim any liability for these deductions. It's true that these deductions are created by the state, so the state bears responsibility for explaining them. This is important information: if someone in prison needs $20 to pay for hygiene items, then a relative sending money needs to know how much to send so that the recipient actually gets $20 after mandatory deductions. Any webpage that includes information on how to send money should also include detailed information on how much is deducted and what deposits are subject to garnishment. This information should include what deductions apply to everyone, versus which

deductions (like child support) only apply to a subset of recipients. Ideally, the webpage should also include a calculator so that users can type in a transfer amount and instantly see how much will be delivered to the recipient.

Companies

Last but not least, money-transfer vendors themselves have the most power to address problems in the industry they have created. While it's probably unrealistic to expect these companies to voluntarily reduce fees, if companies are serious about their marketing puffery, [24] there are other simple steps they could take to make customers' lives easier.

If companies are serious about their marketing puffery, there are other simple steps they could take to make customers' lives easier.

- To the extent that money-transfer fees are inflated in part due to commissions being paid to correctional facilities, vendors should offer a commission-free alternative in all bids.
- All vendors include vague provisions in their terms of use that transfers from a customer's credit card "may" be treated as a cash advance. While the vendor probably can't give a definitive answer (because the bank or entity that issues the credit card the consumer is using has some discretion in how to handle these transactions), the vendors are the ones who create the transaction record, so they know how it's coded. [25] Vendors should provide customers with the precise transaction coding applicable to their payment so that customers can then be fully informed when they ask their own bank how the transaction will be treated.
- It costs very little to write fair and easy-to-understand contracts. Vendors should rewrite their terms and conditions and eliminate things like arbitration provisions, 2-week processing times for mailed payments, and disclaimers of any warranties whatsoever.

Footnotes

1. The term "trust account" is a term of art in the correctional sector, referring to a pooled bank account that holds funds for incarcerated people whose individual balances are sometimes treated as subaccounts. The term "trust" is used because the correctional facility typically holds the account as trustee, for the benefit of the individual beneficiaries (or subaccount holders). ↩
2. Paypal's free transfers are available only for payments made from bank accounts; Paypal charges 30¢ plus 2.9% for a transfer coming from either a credit- or debit-card. CashApp doesn't publish its fees, but others report that their fees mirror Venmo's. ↩
3. We say "at least" eleven states because of the confusing role of companies like Western Union and MoneyGram. Many states list Western Union, MoneyGram, or a similar money services business, as one of several options for sending money, but that doesn't mean there is true competition. For example, a prison system could contract with JPay to handle all money transfers, and JPay could subcontract with Western Union to handle in-person cash payments. The prison's webpage may say that people can choose between JPay's website and sending cash at any Western Union location, but in this hypothetical, Western Union is acting as an agent of JPay, not a competitor. Based on a variety of factors, we think that Western Union is an independent, competitive option for sending money to people incarcerated in Colorado, Connecticut, Illinois, Iowa and Washington's prison systems. There may be other states where Western Union or a similar company is an actual competitive option, but it is very difficult to tell based on publicly-available information. ↩
4. Specifically, prison officials tend to spend a lot of time worrying about laundered or otherwise illegitimate money being sent to incarcerated people. It's not that these concerns are never valid, but we do wonder how prevalent the problem actually is. The latest major example of this narrative occurred in June, when the Washington Post, possibly acting on a leak from the federal Bureau of Prisons, published a story claiming that "there are more than 20 [federal] inmate accounts holding more than $100,000 each for a total exceeding $3 million." This makes it sound like nefarious trust-account activity is some kind of huge problem, but if there is a problem the BOP has all the tools it needs to investigate suspicious transactions and take corrective action. More importantly, the same article notes that there are roughly 129,000 people incarcerated in BOP facilities, and the total balance of all trust accounts is somewhere around $100 million. If you subtract the $3 million in the 20 high-balance accounts, you arrive at an average account balance of $752 (i.e., $97 million divided by 128,980 people). That's hardly a lavish amount of money (and keep in mind it's a mean average, so it probably skews high due to a comparatively small number of people whose trust accounts receive pension or other income payments). ↩
5. The cost difference was narrower for a $50 transfer, with an average fee of 11% for states with multiple options, versus 13% in monopoly states. ↩
6. The U.S. Postal Service charges $1.45 for a money order (up to $500 face value), Walmart charges up to $1. A first-class stamp is currently 58¢. ↩
7. JPay "Payments Terms of Service" P 17 (dated Aug. 18, 2021; accessed Oct. 19, 2021); GTL "Terms of Use" P 16 (dated Jun. 25, 2021; accessed Oct. 25, 2021); Access Corrections "Terms & Conditions" at paragraph titled "Disclaimer of Warranties and Limitation of Liability" (dated Aug. 23, 2021; accessed Oct. 19, 2021). ↩
8. JPay "Terms of Service" P 6 (emphasis added). ↩
9. JPay "Terms of Service" P 7; Access Corrections "Terms & Conditions" at paragraph titled "Money Orders." ↩

10. Aventiv Technologies, “Privacy and Data Processing Policy,” paragraph entitled “Business purposes for the collection of personal information (dated May 5, 2021; accessed Oct. 19, 2021) (Aventiv is the parent company of Securus and JPay). ↩
11. Access Corrections, “User Agreement,” paragraph entitled “Agency Access” (dated Mar. 19, 2009, accessed Oct. 19, 2021). ↩
12. GTL “Terms of Use” P 6. ↩
13. Access Corrections “Terms & Conditions” at paragraph titled “Use of information submitted.” ↩
14. JPay “Terms of Service” PP 5 and 9. ↩
15. JPay “Terms of Service” P 13. ↩
16. Visa Core Rules and Product & Service Rules S 5.8.10.1, tbl. 5-18 (Oct. 16, 2021). ↩
17. GTL “Terms of Use” P 22(d). ↩
18. JailATM, “Terms of Agreement,” paragraph titled “Governing Law” (undated, accessed Oct. 25, 2021) ↩
19. JPay “Terms of Service” P 16; Access Corrections “Terms & Conditions” at paragraph titled “Indemnity.” ↩
20. JPay and Access Corrections both require that claims be filed within one year of the claim arising. JPay “Terms of Service” P 15; Access Corrections, “User Agreement,” paragraph entitled “Disputes.” JPay’s provision is especially tricky because it defines the time limit as 12 months from the customer’s “constructive knowledge” of the claim, without defining the term “constructive knowledge” (lawyers can, and have, argued for years about the meaning of constructive knowledge, so expecting consumers to understand the term is unrealistic), and because JPay requires customers to give the company 30 days’ notice before filing a claim, which effectively shortens the limitations period from 1 year to 11 months. ↩
21. Dodd Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203 SS 1031(d)(2)(B) and 1036(a)(1)(B) (Jul. 21, 2010)(codified as 12 U.S.C. SS 5531(d)(2)(B) and 5536(a)(1)(B)). ↩
22. 15 U.S.C. S 45 (a)(1) and (4). ↩
23. The issue of mailing distance has recently assumed heightened importance as the U.S. Postal Service has implemented a plan to slow down the mail, particularly mail traveling long distances. For example, even under the new mail-delivery standards, mail sent in Minnesota should reach most prisons in the state within two days. But if someone in Minnesota wants to send a money order to someone in the Minnesota prison system, it has to be mailed to JPay’s office in Florida, which takes twice as long. States can mitigate against this unreasonable delay by prohibiting vendors from using out-of-state addresses for receipt of money orders. ↩
24. JPay’s parent company, for example, brags that it “delivers superior value and service to all of our customers nationwide” (see Aventiv Technologies, “Privacy and Data Processing Policy,” introductory paragraph), a claim that’s hard to square with its actual pricing and user contracts. ↩
25. Some card networks don’t even use the term “cash advance.” Visa rules, for example, use the terms “account funding transactions” and “manual cash disbursement,” which describe two mutually exclusive type of cash-like transactions. ↩

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Exhibit 2

Release-Card Fee Information Collected from Disclosure Documents in CFPB's Prepaid Card Database

Release-card fee information collected from disclosure documents in CFPB prepaid card database

	Account Maintenance Fees			Purchase and Usage Fees					Inactivity fees and policies			Other Provisions			
CFPB Database ID	**Weekly fee**	**Monthly fee**	**Grace period**	**Purchase fee**	**Declined transaction**	**ATM balance inquiry**	**ATM Withdrawal**	**ATM Decline**	**Inactivity fee**	**Inactivity period**	**Fee to refund/ close acct**	**Int'l fees?**	**Miscellaneous fees**	**Effective date of cardholder agreement**	**State or correctional agency**
Cards issued by Axiom Bank and managed by Rapid Financial, branded either as "Access Freedom" (a brand apparently owned by Keefe Commissary Network, LLC, d/b/a Access Corrections) or "Release Pay"															
C 10 AF Legacy (158574)	2.50		3 days	--	--	1.50	2.95	2.95	--		--	No	card replacement (2.99)	1/10/20	
C 10 Legacy AF ALDOC (158575)	1.50		5 days	--	--	1.50	2.75	2.75	--		--	No	card replacement (2.99)	1/10/20	Alabama DOC
C 11 AF ALDOC WR1 (158576)	--	--		--	--	1.50	2.95	2.95	2.00/week	90 days	--	No	card replacement (2.99)	1/10/20	Alabama DOC
C 12 AF WR NMF (158577)	--	--		--	--	1.50	2.95	2.95	2.00/week	90 days	--	No	card replacement (2.99)	1/10/20	
C 13 AF AL DOC (158578)	1.50		5 days	--	--	1.50	2.75	2.75	--		--	No	card replacement (2.99)	1/10/20	Alabama DOC
C 14 Legacy AF (158579)	2.50		3 days	--	--	1.50	2.95	2.95	--		--	No	card replacement (2.99)	1/10/20	
C 15 NV DOC (158580)	1.50		3 days after activation	--	--	1.50	2.75	2.75	--		--	No	card replacement (2.99)	1/10/20	Nevada DOC
C 18 IA DOC (158581)	--	--		--	--	1.50	2.95	2.95	2.00/week	180 days	--	No	card replacement (2.99)	1/10/20	Iowa DOC
C 20 GEO Legacy (158582)	--	--		--	--	--	--	--	2.00/week	180 days	--	No	--	1/10/20	GEO Group
C 22 CADDO PARISH WR (158583)	2.00		3 days	--	--	1.50	no ATM usage allowed		--		--	No	card replacement (2.99)	1/10/20	Caddo Parish (LA)
C 40 RP (158584)	2.50		3 days	--	--	1.50	2.95	2.95	--		--	No	card replacement (2.99)	1/10/20	
C 45 Legacy RP (158585)	2.50		3 days	--	--	1.50	2.95	2.95	--		--	No	card replacement (2.99)	1/10/20	
Cards issued by US Bank and managed by Elan Financial Services															
Elan Prepaid (44557)	--	--		--	--	1.00 (out of network only)	1.25 (out of network only)		2.00/mo	270 days	not disclosed	Yes	Card replacement ($5 or $10 for expedited)	10/12/21	Nebraska DOCS
Elan Prepaid (44555)		2.00	none listed	--	--	0.50 (out of network only)	0.99 (out of network only)		--		not disclosed	Yes	Card replacement ($5), bank withdrawal ($3)	10/12/21	Arkansas DOC; Hampden County
Card issued by Comerica (program manager not identified in CFPB database, but appears to be Conduent, Inc. (fka Xerox State & Local Services, Inc.)															
ND-Department of Corrections (46984)	--	--		--	--	--	1.25 (out of network only)		2.00/mo	12 months		Yes	Expedited card replacement ($10)	4/1/19	North Dakota DOC Way2Go Card
Cards issued by Central Bank of Kansas City and managed by Numi Financial															
Prestige Prepaid Mastercard version 1B (199643)	2.50		3 days	--	0.50	1.00	2.95	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version 1C (199644)	2.50		3 days	--	0.50	1.00	2.95	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version 1CNO (199645)	2.50		3 days	--	--	1.00	2.95	1.00	--		9.95	Yes		9/24/20	
Prestige Prepaid Mastercard version 3B (199646)	2.50		3 days	0.95 (PIN only)	0.50	1.00 (out of network only)	--	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version 4B (199647)	2.50		7 days	--	0.50	1.00	--	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version 6B (199648)	2.50		2 years	1.00 (PIN only)	0.50	1.00	2.95	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version 7B (199649)		5.95	5 days	--	0.50	1.00	2.95	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version 7C (199650)		5.95	5 days	--	0.50	1.00	2.95	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version 7CNO (199651)		5.95	5 days	--	--	1.00	2.95	1.00	--		9.95	Yes		4/6/20	

	Account Maintenance Fees			Purchase and Usage Fees					Inactivity fees and policies			Other Provisions			
CFPB Database ID	**Weekly fee**	**Monthly fee**	**Grace period**	**Purchase fee**	**Declined transaction**	**ATM balance inquiry**	**ATM Withdrawal**	**ATM Decline**	**Inactivity fee**	**Inactivity period**	**Fee to refund/ close acct**	**Int'l fees?**	**Miscellaneous fees**	**Effective date of cardholder agreement**	**State or correctional agency**
Central Bank of Kansas City/Numi (continued from previous page)															
Prestige Prepaid Mastercard version 7D (199652)		5.95	15 days	--	0.50	1.00	2.95	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version DOC1 (199653)	--	--		--	--	--	--		--		--	Yes		4/6/20	
Prestige Prepaid Mastercard version DOC2 (199654)		2.50	60 days	--	--	1.00 (out of network only)	--	1.00	--		--	Yes		4/6/20	
Prestige Prepaid Mastercard version DOC3 (199655)		5.95	5 days	--	0.50	1.00	2.95	1.00	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version DOC4 (199656)	--	--		--	0.50	1.00 (out of network only)	--	0.95	3.00/mo	180 days	9.95	Yes		11/17/20	
Prestige Prepaid Mastercard version DOC5 (199657)		5.95	60 days	--	0.50	1.00 (out of network only)	--	0.95	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version FSPA (199658)	--	--		--	0.50	--	--	0.95	1.95/mo	180 days	--	Yes		4/6/20	
Prestige Prepaid Mastercard version SPA (199659)		4.95	30 days	--	0.50	1.00 (out of network only)	2.95 (out of network only)	0.95	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version SPA15 (199660)		5.95	15 days	--	0.50	1.00 (out of network only)	--	0.95	--		9.95	Yes		4/6/20	
Prestige Prepaid Mastercard version WKA (199661)	2.50		3 days	0.45 (PIN only)	0.50	1.00	2.95	1.00	--		9.95	Yes		4/6/20	
Cards issued by Metropolitan Commercial Bank and managed by Praxell, Inc., branded as JPay															
JPay California (46811)		3.00	7 days	Unknown*	1.00	--	Unknown*	1.00	--		Unknown*	Unknown*	4 other types of fees noted on short form disclosure	2/9/21	California**
JPay Colorado (46828)		0.50	7 days	0.70	0.50	0.50	2.00	0.50	2.99/mo	90 days	Unknown*	Unknown*	Phone cust serv. ($1); 5 other types of fees noted on short-form disclosure	2/9/21	Colorado**
JPay Florida (46829)	--	--		--	--	--	--	--	--		--	No		2/9/21	Florida; New York work release; Tennessee work release**
JPay Georgia (46830)	--	--		--	--	--	--	--	3.00/mo	90 days	--	No		2/9/21	Georgia, Arizona, Lousiana**
JPay Kentucky (46832)	Unknown*	--		--	0.50	0.50	2.00	0.50	2.99/mo	90 days	Unknown*	Unknown*	7 other types of fees noted on short-form disclosure	2/9/21	Kentucky**
JPay Milwaukee (46834)	--	6.00	7 days	--	0.50	--	--	0.50	--		Unknown*	Unknown*	5 other types of fees noted on short form disclosure	4/1/21	Milwaukee, WI
JPay Missouri (46839)	Unknown*	--		--	1.95	1.50	--	Unknown *	2.99/mo	90 days	Unknown*	Unknown*	Card replacement ($5); 5 other types of fees noted on short-form disclosure	2/10/21	Missouri**
JPay MN (46840)	--	2.00	7 days	0.70	1.00	--	2.00	1.00	2.99/mo	90 days	Unknown*	Unknown*	6 other types of fees noted on short-form disclosure	2/24/21	Indiana, Tennessee
JPay New Jersey (46835)	2.00	--	7 days	--	--	--	--	--	--		--	No	Card replacement ($5)	2/24/21	New Jersey**
JPay New York (46836)	--	2.00	7 days	0.50	1.00	0.50	2.00	0.70	--		Unknown*	Unknown*	8 other types of fees noted on short-form disclosure	4/10/21	New York
JPay New York 2 (188075)	Unknown*	--	7 days	--	0.50	0.50	--	0.70	2.99/mo	90 days	Unknown*	Unknown*	9 other types of fees noted on short-form disclosure	4/10/21	

	Account Maintenance Fees			Purchase and Usage Fees					Inactivity fees and policies			Other Provisions			
CFPB Database ID	Weekly fee	Monthly fee	Grace period	Purchase fee	Declined transaction	ATM balance inquiry	ATM Withdrawal	ATM Decline	Inactivity fee	Inactivity period	Fee to refund/ close acct	Int'l fees?	Miscellaneous fees	Effective date of cardholder agreement	State or correctional agency
Metropolitan Commercial Bank/JPay (continued from previous page)															
JPay Ohio (46837)	--	1.00	7 days	--	Unknown*	0.50	--	0.50	3.00/mo	90 days	Unknown*	Unknown*	Card replacement ($8); 5 other types of fees noted on short-form disclosure	4/1/21	Ohio
JPay Oklahoma (46838)	--	6.00	7 days	--	Unknown*	--	--	Unknown *	--		Unknown*	Unknown*	Card activation ($3); card replacement ($6); 3 other types of fees noted on short-form disclosure.	2/24/21	Oklahoma, North Carolina**
JPay (TN, IN, VA) (46841)	--	0.50	30 days	0.70	0.50	0.50	2.00	0.50	2.99/mo	90 days	9.95	Yes	Phone cust serv. ($1), card replacement ($5)	6/16/20	Tennessee, Indiana, Virginia

* With one exception, JPay has not uploaded long-form fee disclosures, thus it is impossible to know the full range of fees. In addition, many of JPay's fees appear to have been disallowed under the terms of the consent order entered in Admin. Proc. 2021-CFPB-0006. This table includes any fees listed in JPay's short-form disclosures. If information in the CFPB database clearly establishes that a particular fee is not charged for a JPay release card, that fee is denoted as "--"; otherwise, if a fee may possibly be listed on a JPay long-form disclsoure, it is denoted as "Unknown*".

** None of JPay's entries in the CFPB's prepaid card database disclose the correctional facility (or facilities) where any given card is used. When older, supersdeded, account agreements identified states of usage, we have listed those states here, even thou

† Grace period expires 90 days after issuance, if card is not activated.