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States and Counties Try to Cash In on Sky-High Jail Calls and Money Transfer Fees.

Inside the razor wire on Eagle Crest Way, in rural Clallam Bay, Wash., telephone calls start at \$3.15. Emails out, beyond the security fence, run 33 cents. Money transfers in, to what pass for bank accounts, cost \$4.95.

Within that perimeter lies the Clallam Bay Corrections Center, a state prison — and an attractive business opportunity. One private company, JPay, has a grip on Internet and financial services. Another, Global Tel-Link, controls the phones.

These companies are part of a new breed of businesses flourishing inside American jails and prisons. Many of these players are being bankrolled by one of the most powerful forces in American finance: private equity. Private investment firms have invested many billions of dollars in the prison industry, betting — correctly — that it is a growth business.

Wall Street previously championed companies like Corrections Corporation of America, the nation's largest private corrections company. But unlike companies that have thrived by running prisons, the likes of Global Tel-Link and JPay are becoming de facto banks, phone companies and Internet service providers for inmates and their families across the nation.

It is a lucrative proposition, in part because these companies often operate beyond the reach of regulations that protect ordinary consumers. Inmates say they are being gouged by high costs and hidden fees. Friends and families say they have little choice but to shoulder the financial burden.

But private enterprises are not the only ones profiting. Eager to reduce costs and bolster dwindling budgets, states, counties and cities are seeking a substantial cut in return for letting the businesses into prisons, a review of dozens of contracts by The New York Times found. In Baldwin County, Ala., for instance, the sheriff's department collects 84 percent of the gross revenue from calls at the county jail. A Texas company has guaranteed the county at least \$55 a month per inmate, according to a copy of the contract.

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