

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
BEFORE THE IOWA UTILITIES BOARD

IN RE GLOBAL TEL\*LINK  
CORPORATION

DOCKET NO. TF-2019-0039

**PRISON POLICY INITIATIVE’S REPLY TO GLOBAL TEL\*LINK**

The Prison Policy Initiative (“PPI”), an intervenor in this proceeding, filed comments on October 5, 2020 regarding the revised tariff of Global Tel\*Link (“GTL”). On October 26, 2020, GTL responded to PPI’s comments and introduced new factual information into the record regarding its practice of assessing ancillary fees. PPI respectfully submits the following reply, which is limited to addressing new matters presented in GTL’s October 26 filing.

Description of GTL’s current practice. PPI’s previous filing includes evidence that GTL charges a \$4.63 “Applicable Transaction and Payment Fee” for a deposit of \$45.37 to a prepaid account.<sup>1</sup> This deposit fee exceeds the \$3 cap imposed by 47 C.F.R. § 64.6020(b)(1). In its October 26 filing, GTL states that the “fee” disclosed to customers is actually two separate fees: an automated payment fee and an additional amount constituting a pass-through of third-party financial transaction fees.<sup>2</sup> GTL does not quantify the amount of either of these separate fees, apparently asking interested parties to blindly trust that the aggregate Applicable Transaction and Payment Fee is comprised of constituent charges that comply with federally mandated caps on ancillary fees.

GTL’s fee structure violates federal law. Federal caps on ancillary fees are codified at 47 C.F.R. § 64.6020. The FCC issued this rule after compiling a lengthy factual record that “overwhelmingly supports the need to reform ancillary service charges.”<sup>3</sup> Two components of the FCC’s analysis and explanation of the ancillary-fee rule indicate that GTL’s current practice

---

<sup>1</sup> Declaration of Alexi Jones (attached to PPI’s Oct. 5 Comments).

<sup>2</sup> GTL Comments (Oct. 26, 2020) ¶ 7.

<sup>3</sup> *In the Matter of Rates for Interstate Inmate Calling Services*, WC Docket No. 12-375, Second Report and Order and Third Further Notice of Proposed Rulemaking [hereinafter “Second Report & Order”] ¶ 145, 30 FCC Red. 12763, 12839 (Nov. 5, 2015).

contravenes federal law. First, the financial transaction fee that GTL charges on top of the \$3 deposit fee appears to be attributable to GTL's payment-card processing costs.<sup>4</sup> But the automated payment fee is already designed to compensate carriers for these expenses. In arguing against the \$3 cap, GTL's competitor Securus Technologies alleged that its payment-card processing fees exceeded \$3 per transaction. The FCC rejected this argument, finding that Securus's alleged costs were an outlier, and that other companies were able to cover their card processing costs under a \$3 fee cap.<sup>5</sup> The FCC's analysis here shows that carriers' card processing costs may be recovered through the automated payment fee, not the pass-through provision for third-party fees.

Second, the FCC's explanation of the rule allowing pass-through of third-party transaction fees provides further instruction. When announcing the pass-through rule, the FCC framed it as a matter of addressing "money transfer service fees" incurred by customers who "do not have bank accounts, and therefore rely on third-party money transfer services such as Western Union or MoneyGram to fund calls with inmates."<sup>6</sup> This background is reflected in the regulatory definition of "third party financial transaction fee," which is described as a fee "that Providers of Inmate Calling Services are charged by third parties to transfer money or process financial transactions to facilitate a Consumer's ability to *make account payments via a third party*."<sup>7</sup>

Here, there is no third party involved in the transaction. A three-party transaction occurs when a customer (party 1) wishes to pay a carrier (party 2) and does so by initiating a transaction through a money transmitter like Western Union (party 3). The evidence concerning GTL's fees relates to a transaction initiated through GTL's own website,<sup>8</sup> and involving only two parties: the

---

<sup>4</sup> GTL's October 26 comments never actually specify the nature of the alleged third-party fee, nor the identity of the party charging it. Yet GTL's reference to "credit card payments" implies that this fee is actually an attempt to pass-through GTL's payment-card processing costs. *See* GTL Cmt., p 7.

<sup>5</sup> Second Report & Order ¶ 167, 30 FCC Rcd. 12848.

<sup>6</sup> *Id.* ¶ 170, 30 FCC Rcd. 12849 (footnotes omitted).

<sup>7</sup> 47 C.F.R. § 64.6000(a)(5) (emphasis added).

<sup>8</sup> Jones Decl. ¶¶ 2-3.

customer and GTL. True, other entities may participate in the transaction behind the scenes (such as the customer’s card issuer and GTL’s acquiring bank), but these parties are not third parties; they are merely agents of the payor and payee.

The FCC’s rationale in promulgating ancillary fee caps makes clear that carriers’ card processing costs are to be recovered from per-minute rates and (at the carriers’ option) from the automated payment fee. GTL’s practice of passing through these costs constitutes an improper attempt to “double dip” by charging the automated payment fee while also passing through certain costs on top.

GTL’s disclosure of fees violates applicable procedural requirements. Federal law specifies that carriers such as GTL “must clearly, accurately, and conspicuously disclose their . . . [calling] rates and Ancillary Service Charges to customers.”<sup>9</sup> The screenshots submitted with PPI’s previous comments illustrate that GTL fails to make a clear and conspicuous disclosure of the fee structure that the company belatedly explains in its October 26 comments.

A clear and conspicuous fee disclosure would look something like this:

Automated payment fee .....	3.00
Third-party transaction fee.....	1.63 (3% of payment)
TOTAL FEES .....	4.63

Instead of clearly labeling and itemizing applicable fees, GTL simply aggregates them and labels them as “Applicable Transaction and Payment Fees” (a descriptor that aligns with none of the ancillary fees allowed under 47 C.F.R. § 64.6020(a)). Customers have no way of knowing whether GTL is complying with federal fee caps and have no way of verifying the validity of the alleged third-party transaction fee, because the third party is never identified. GTL’s current method of disclosure is the antithesis of clear and conspicuous, and it leaves interested parties with no ability to gauge accuracy.

The Board can curtail GTL’s improper fee structure. The Iowa Utilities Board can act to end GTL’s practice by specifically addressing the mechanics of ancillary fees as they relate to

---

<sup>9</sup> 47 C.F.R. § 64.6110.

intrastate calls within Iowa. Specifically, the Board should not approve GTL's tariff unless it is revised to clarify that GTL's own payment-card processing fees for web or phone payments may only be recovered from the automated payment fee (capped at \$3) and cannot be passed through as third-party transaction fees.

Dated: October 29, 2020.

Respectfully submitted,

**PRISON POLICY INITIATIVE, INC.**

/s/ Peter Wagner

By Peter Wagner, Executive Director  
MA Bar No. 662207, *admitted pro hac vice*  
69 Garfield Ave., 1st Floor  
Easthampton, MA 01027  
(413) 527-0845  
pwagner@prisonpolicy.org