

September 13, 2011

Attorney General of Michigan  
Mr. Bill Schuette  
G.Mennen Williams Building, 7th Floor  
P.O. Box 30212  
Lansing, Michigan 48909

Sir,

This is written to you on behalf of the Chippawa Correctional Facility's Warden's Forum members, the facility's prisoner body as a whole, their families and friends. We all ask that this be handled as a complaint by your department and thoroughly investigated for violation of the law.

The Michigan Department of Corrections (MDOC) entered into a Prisoner Telephone contract (#071B1300208) with Public Communication Services INC (PCS) on February 9, 2011, that ultimately allowed for an increase in the cost in prisoner phone calls due to the MDOC opting for a Special Equipment Fund. "Funds provided each year to support the State's special equipment fund. This could be used to procure cell phone detection technology, or other further technology initiatives within the MDOC." (See page 87, exhibit 1 of said PCS phone contract). This is basically a "slush fund" for the MDOC to use on whatever they feel like using this money on, without any kind of oversight to see that this money is actually being used for its intended purpose. This "Special Equipment Fund" has neither an exact amount for this Special Equipment or an end date as to when money will cease from being taken for this Special Equipment.

Hasn't the MDOC been provided with enough Taxpayer's money for "prison security" through legislative appropriations for each fiscal year. Why are these taxpayers who have family and friends behind bars being singled out by being "doubled-taxed" when the State already provides money to the MDOC for its security measures? Obviously it hurts us all, especially the non-white prisoners who make up the largest percentage of the prison population, whose struggling lower income families of the greater urban areas of this State as a whole, due to the failing economy.

On July 13, 2011, Public Act No. 83 of 2011, or Senate Bill (SB) 138 became effective. Part 2 of SB 138, under heading DEPARTMENT OF CORRECTION, specifically Sect. 272, on page 6, states the following: "Any contract for prisoner telephone services SHALL impose fee schedules for prisoner telephone that calls are no greater than the fee schedules for standard calls placed by residential users in the area surrounding the correctional facility." (emphasis added).

The phone fee schedule rate in the MDOC and PCS Inmate Telephone contract for an "intrastate" phone call is to be no more than \$0.0393 per minute, per contract. The actual rate that I am currently paying is \$2.88 a call, or \$0.192 per minute, that is \$0.1527 per minute more than what this phone

contract calls for. (See exhibit 5P - Pricing, on page 94).

The House Fiscal Agency did a summary of Enrolled Senate Bill 138 and concluded the following: Section 272 Requires any prisoner phone contract to impose fees for prisoner telephone calls that are no greater than fees for standard calls placed by residential users in surrounding areas. This language replaced section 219 of current law which limited fees to being the same fees for "calls placed from outside of correctional facilities." Senate Bill 138's language effectively should have blocked the MDOC's "Special Equipment Fund."

When the MDOC was contacted in regards to the high prices due largely to the Special Equipment Fund that both PCS and the MDOC are charging for prisoner phone calls and that they are in violation with Senate Bill 138, Section 272, they responded that they are well within the law because Section 272 of SB 138 is a line item.

We believe that the MDOC and PCS is in violation of SB 138, Section 272 because only "Part 1" items are the "Line-Item Appropriations," which are Sections: 101, 102, 103, 104, 105, 106 and 107.

Part 2 of SB 138, which includes Sections: 201, 202, 203, 204, 205, 250, 271, 272, 301, 351 and 401, are under the "Provisions Concerning Appropriations," and are not "Line Items" as the MDOC indicated.

If what the MDOC is stating is true, then Sections 271 and 272 of SB 138 are both no good, which also brings us to the reasoning that any and all past "Enrolled Senate Appropriation Bills" containing law changing items would also have no effect and would render these laws or Public Acts null and void.

The following PCS and MDOC contract Sections 1.022(2) on page 17 and Section 2.212 on page 86 are as follows:

Section 1.022(2) states in part the following: "The contractor SHALL comply with all applicable laws, rules, regulations and orders of any authorized agency, commission, unit of Federal government, State, county or municipal government at no cost to the MDOC." (Emphasis added).

Section 2.212 on page 86 of this contract states the following: "Contractor SHALL comply with all applicable state, federal and local laws and ordinances in providing Services/Deliverables."

Respectively, Senate Bill No. 138, or 2011 Public Act 83, Section 272, that became effective July 13, 2011, is a State of Michigan law that is currently being violated by the MDOC and PCS contract No. 071B1300208, by charging prisoners a more greater fee then for standard calls placed by residential users in the area surrounding the correctional facility. This new contract reaks of discrimination; with the high rates targeting the poor, plain and simple.

Furthermore, the State of Michigan is required to use the bidding process when contracting services out to private companies. This process would require that the lowest bidder which provides the requested service would receive



this contract. This contract has a total value of \$5.00. However, with or without the special option chosen by the MDOC on change #1 date April 28, 2011, this actually places the contract's value at millions of dollars instead of the \$5.00 PCS and the MDOC deceived the State into believing. The value amount of this contract is deceptive, and shows the unlawful intent of Cheryl Groves who oversaw the contract and Steve Motz whom authorized it.

Obviously the MDOC had intended at the beginning of the bidding process to implement the option that would accumulate money for the Special Equipment Fund, and used that potential dollar value as the basis for their selection process. The implication being, that no one but PCS will be making money or drawing any real revenue from it. PCS is contracted to make 30% for itself just to "manage" the MDOC's 70% optional "Special Equipment Fund." PCS will literally make millions from "money managing" the MDOC's millions in "Special Equipment Fund." Wall Street money managers do not even make 30% for managing a client's money.

Here is a breakdown of the revenue or "Contract Value" based upon the Special Equipment Fund Examples of the Payout Chart on page 99 of the PCS/MDOC Prisoner Telephone contract #071B1300208. These numbers are based upon a .13 or .14 cent per minute rate with the MDOC receiving 70% and PCS receiving 30%, plus or minus a half million dollars to the best of our understanding with the pay schedule they provided.

What the MDOC will profit

Per month at 70%	\$737,500.00
Per Year at 70%	\$9,450,000.00
5 Years (contract ending) at 70%	\$47,250,000.00

PCS profits to "manage" the MDOC Special Equipment Fund

Per Month at 30%	\$337,500.00
Per Year at 30%	\$4,050,000.00
5 Year (contract ending) at 30%	\$20,250,000.00

PCS/MDOC Telephone contract's true value

Contract's potential value total per month	\$1,125,000.00
Contract's potential value total per year	\$13,500,000.00
Contract's potential value total for 5 years	\$67,500,000.00

How can it honestly be said that this contract has a "TOTAL ESTIMATED CONTRACT VALUE OF \$5.00...."

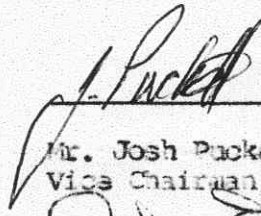
So, would this contract be invalid because the MDOC and PCS fraudulently placed an incorrect contract value on this telephone contract making the contract illegal because the bidding process was circumvented with an inaccurate contract value?. Is it illegal, in part, where the rates being now charged are far more than "Fee Schedules... in the area surrounding the correctional facility"?

We ask that these matters be investigated by your department, seeing how it is becoming very apparent to many that good faith is not at work here,

but unethical actions that also violate the law and draw an inference that Cheryl Groves and Steve Motz may have received "kick-backs" in some way for signing off on the contract and allowing it to stand? And if it is found that violations have occurred, we ask that all money taken over the 0.0393 minute rate be returned to everyone this has affected, including all gained interest collected.

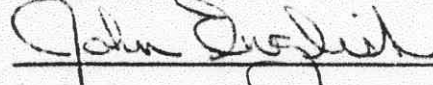
We will be waiting to hear from your office as soon as time permits. We also thank you for your time and assistance in this pressing matter.

Respectfully yours,



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Mr. Josh Packett #250645  
Vice Chairman of ORF Warden's Forum



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Mr. John English #174718  
ORF Warden's Forum member

CC: Kay Perry (MI-CURE)  
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