



Questions & Answers: Predatory Immigration Bond Companies

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Introduction

Immigration bond companies operate within the shadows of the United States immigration system, preying and taking advantage of vulnerable individuals seeking freedom from detention. These often unchecked, unregulated entities target undocumented immigrants by taking advantage of their lack of familiarity with the complexities of the immigration process. Despite their major role in the highly monitored and bureaucratic immigration system of the U.S., there are little to no laws or regulations to check these companies for abuses.

Immigration bond companies often promise assistance in securing a release from detention via the form of bond lending – however, they employ deceptive practices, including exorbitant fees and misleading information about down payments and the use of ankle monitors. Operating in a largely unregulated space, these entities create and contribute to a cycle of financial exploitation that can have profound consequences on the economic and psychological well-being for those navigating the many challenges of immigration proceedings.

In recent years, there has been a concerning proliferation of immigration bond companies that demands urgent attention and reform. As immigrants navigate the legal pathways to secure release from detention, they often become victims of entities preying on their vulnerability. The exorbitant fees, misleading terms, and exploitative tactics used by these predatory bond companies contribute to a cycle of financial hardship and social stigma, exacerbating the challenges faced by those already navigating a complex and unfamiliar legal landscape. This document seeks to shed light on the predatory practices conducted by bond companies, their impact on immigrant well-being, and what has been and can be done about it.

What are immigration bonds and what role do they play in the immigration court system?

[An immigration bond](#) is an amount of money that someone pays to the Department of Homeland Security to assure the agency that, if released, the person going through immigration court proceedings will appear for all future hearings and ICE check-ins. Immigration bonds are one pathway for detained immigrants to be released from detention, be with their families, and find resources to help with their case.

Unlike other legal processes, like criminal proceedings, immigrants are not provided legal representation for their case. This sets most immigrants at a disadvantage, as non-citizens represented by an attorney are more likely to successfully petition for release on bond and defend against deportation. **Detained immigrants are 11 times more likely to pursue relief when they have [legal counsel](#) and are twice as likely to obtain relief than detained immigrants without counsel.** Detention physically limits immigrants' access to resources like pro-bono attorneys, so bonds can be a crucial factor in case outcomes.

There are [three factors](#) that will guide a judge in deciding whether to set a bond and the amount:

1. **Bond Eligibility:** This means that prior criminal convictions such as drug crimes or felonies make immigrants ineligible for a bond.
2. **Public Danger:** Based on criminal history or rehabilitation history. If the judge believes the immigrant to be a danger to society, a bond will not be issued.
3. **“Flight risk”:** The judge will also consider things such as community connections, relief eligibility, and attendance at other court cases to determine if the immigrant will attend future hearings if released from detention.

This is different from a deportation hearing, in which the judge determines whether the individual should be removed from the country.

Apart from already dealing with securing a bond and gaining back some freedom, immigrants also have to deal with increasingly expensive bond amounts. In a [study](#) by Lorena Avila and David Ibañez, it was found that the average bond amount issued in the 1990s amounted to \$5,034 but increased to \$7,849 during the 2000s and \$8,216 in the 2010s. This highlights the consistent and substantial growth in bond amounts over the years.

In most cases, immigrants do get their immigration bond money back, but only if it was paid by them directly to ICE/DHS. If the bond money was administered via a bond company, there’s a possibility that the money will not be returned depending on the conditions of the agreement. It is important to note, however, that this is only possible after the entire process is over, which can take [several months to years](#).

What are alternatives to immigration bonds?

Once assigned a bond, options are few if people in the immigration court system don’t have family members who can help pay for it. For most immigrants, they come to the United States without enough money for survival. According to [Bread for the World Institute](#), the [poverty rate among immigrants](#) is 30 percent and the median household income for undocumented people is \$36,000, almost \$20,000 lower than the median income of the U.S. population as a whole. Their lower incomes, along with the reality that undocumented people have less employment opportunities, means that undocumented immigrants and their 4.5 million U.S. citizen children, could have poverty rates nearly three times the national rate of 13.5 percent. When judges apply bonds in the thousands of dollars, it can become nearly impossible to pay such high amounts.

If immigrants are not able to pay for their assigned bond, they are often forced to remain in detention centers away from their family and opportunities to make a living and establish themselves in this new country. Another option is for immigrants to tap into freedom funds. Freedom funds, provided by organizations like [Freedom for Immigrants](#), are funds given to immigrants who are unable to pay for their bonds for free. However, there are certain [eligibility priorities](#) that must be met to qualify for these funds such as having an attorney, having strong community ties, or being assigned an immigration judge with low case grant rates.

In some cases, arbitrary rules or a person's economic ability can make it such that many immigrants are unable to pay for an attorney, or may have no community ties (for those that just arrived), while others may be unlucky to receive an immigration judge with high case grant rates. With this in mind, the options to pay bonds are often little to none for many immigrants, leading them to go into contract with predatory companies.

What companies help immigrants pay their bonds? And who are the people behind these companies?

In recent years, there has been a specific bond company that has surfaced and made headlines for allegations against its predatory lending practices. Libre by Nexus was founded in 2014 by Mike Donovan, a formerly incarcerated individual for writing fraudulent checks to Virginia businesses. Donovan cites his [incarceration experience](#) as the "inspiration" for Libre, saying that his inability to pay his \$45,000 bond led him to serve seven months in jail before pleading guilty to eight felonies and receiving time.

Nonetheless, Donovan has had continued legal troubles. In October of 2022, Donovan was accused of defrauding the brother of Florida school shooter Nikolas Cruz. Donovan was [arrested on fraud charges](#) after an affidavit alleged that Cruz lacked the mental ability to make his own financial decisions, and that a \$428,000 inheritance was transferred to other accounts. Even more recently, in May 2023, a federal judge found Donovan in civil contempt for noncompliance with a [lawsuit spearheaded by the Consumer Financial Protection Bureau \(CFPB\)](#) and the states of Virginia, New York, and Massachusetts for deceptive practices by Libre imposed on immigrants.

When the lawsuit was filed in 2021, New York Attorney General Letitia James said the lawsuit was seeking to put an end to Nexus' alleged illegal practices, and to "obtain millions of dollars in restitution for the thousands of victims," and impose penalties on the Verona company. In June of 2022, Libre was ordered to provide the court with certain recordings, transcripts, exhibits, database files and other documents in a discovery request but failed to do so. The delays by the defendants have harmed the CFPB and other plaintiffs in their ability to prepare for the case for more than two years since the lawsuit was filed.

How are immigration bond companies predatory?

Immigration bonds are predatory in many ways, including excessive fees, the requirement of the use of invasive ankle monitors, and their execution of contracts.

Excessive Fees:

Libre by Nexus surfaced as predatory and abusive for many reasons, specifically their excessive fees. For example, the company forces its customers to wear oppressive ankle-monitoring technology and puts their customers in debt by charging [\\$880 upfront](#), 20% of the bond amount, and an additional \$420/month. Unfortunately, these excessive fees can exceed the cost of the initial bond and none of them are refundable. Interestingly enough, [court documents](#) revealed that the actual cost of operating an ankle monitor was just \$120 per month, more than three times the \$420 that Libre charges its customers. This means that companies like Libre are making mandatory shackles on immigrants a for-profit business.

Ankle Monitors:

As previously described, Libre forces its customers to wear ankle monitors to ensure that their customers appear in court or stop making payments (according to Libre). Not only is this oppressive, but also a violation of privacy and independence.

This also has major implications for the lives and well-being of immigrants due to the stigmas and connotations attached to ankle monitors. In fact, in a [study](#) done by Dr. Mirian Martinez-Aranda, it was found that many immigrants found it harder to access the job market and find housing because of the attached criminal stigma associated with them due to the ankle monitors. Not only does the person shackled themselves suffer, but so do their children. Many felt embarrassed or scared of these devices, as they too feel the negative connotations associated with them. It was also found that immigrants with ankle monitors found it harder to access community resources, as other community members did not want to see themselves near someone with an ankle monitor.

Another issue associated with Libre is that it illegally threatens its customers with placing these GPS devices on their co-signers if they are not able to pay the monthly fees. The plaintiffs in the [lawsuit](#) against Libre by the Consumer Protection Bureau stated in the complaint that “Libre has no legal or contractual authority to make a co-signer wear a GPS device.”

Execution of Contracts:

Lastly, Libre serves as predatory by the way it executes its contracts. In fact, Libre lures its victims through a series of [false and misleading statements](#) about its programs, pressuring them to sign abusive, English-only contracts that bind immigrants to years of exorbitant monthly payments. Note that these are over 20-page English contracts that many immigrants desperately sign to gain freedom from detention centers. This can leave immigrants dependent on Libre for an explanation of the contract – leading to false assumptions and misleading statements. For example, many of Libre’s clients were led to believe that the fees they paid simply served as collateral to pay down the bond and that they would get the money back upon conclusion of their case, which is not accurate.

It is also worth noting that when these contracts are being signed, it is because immigrants are under the very stressful situation of simply wanting to be free from detention. It also means that these contracts are a last resort for many immigrants, creating even more stress on these situations. So immigrants are signing these English-only contracts under the added stress of detention and financial distress, leading to added emotional turmoil which can influence the ability to think rationally and critically – creating a dangerous situation when signing a contract.

What are the parallels between private prisons and mass incarceration in the United States with immigration bond companies and immigrants?

Interestingly, but not surprisingly enough, there is a similarity here that can be drawn with the for profit, private prisons in the U.S. who are profiting from the mass incarceration of minority populations. In fact, as of June 2023, [90.8 percent](#) of people detained in ICE custody each day are held in detention facilities owned or operated by private prison corporations. As of [May of 2023](#), private prisons make up over 10% of the corrections market, producing a revenue of \$7.4 billion a year.

Libre is also raking in substantial profits, the company is estimated to [have profited \\$60 million in 2021 alone](#). Not only are immigration bond companies enriching themselves from the liberty of immigrants, but private prisons are also doing the same, but from the opposite – the withholding of immigrants’ liberty. There is a clear similarity here, immigration bond companies have a profit motive not unlike that of the private prison industry. This creates a cycle where in both cases, a private entity benefits from people’s liberty being taken away.

The Biden Administration has tried to take steps to decrease [federal government private prison contracts](#). In January of 2021, President Biden issued an executive order directing the attorney general not to renew the Justice Department contracts with privately operated criminal detention facilities. However, it is difficult to determine the full impact of the executive order on the industry, since it only applies to contracts as they come up for renewal. As of 2021, however, two private prisons were set to close as a result of the executive order – providing a small insight into the impacts of the order.

Is there government oversight over these companies?

Government oversight and customer protections regarding immigrant bond companies are limited. As of now, there is no federal legislation to address this issue. However, New York recently passed a law that aims to mitigate the predatory forms of companies like Libre. In December of 2022, [New York Governor Hochul signed into law](#) the Stop Immigration Bond Abuse Act (SIMBAA), making New York the first state in the country to pass this type of regulatory legislation. This legislation includes protections such as prohibitions of electronic shackles, caps on excessive fees and interest rates, and ending misleading contracts.

Another similar bill was introduced in California in 2019. [California Senate Bill 318](#) was aimed at providing consumer protections with contracts and agreements to finance or secure a bail bond or immigration bond. Some of the protections proposed were more focused on language accessibility and more consumer credit contract provisions. Overall, the bill did not aim to change the law, but rather restate existing law, clarifying that bail and immigration bond providers were subject to the Consumers Remedies Act, the contract translation provisions of the Civil Code, and the Rosenthal Fair Debt Collection Practices Act.

What are the experiences of immigrants with Libre by Nexus?

In an article from the [Washington Post](#) describing the abuses by Libre, there are a number of testimonies from Libre’s customers regarding their predatory practices:

Nefi Flores: Two days later, Flores said in an interview, a Libre employee was waiting for him as he walked out of the detention center, weeping with joy. I don't think you're going to want to walk around with this on your arm," the man said, pulling out a GPS monitoring device the size of a pack of cigarettes with a thick band.

Franklin Ortega García: When he could no longer keep up with the payments, the company began calling his sister-in-law, who had co-signed his Libre contract. Afraid ICE would soon be at his door or his sister-in-law would be forced to pay Libre instead, Ortega caught a Dec. 29, 2016, flight back to the same country where gangs had threatened to kill him.

Martinez-Perez: "They told me, 'We're going to pay all your medical bills. Whatever you need, we'll get it for you. We'll be here for you,'" she said. "But when I got out of the hospital, they were nowhere to be found. They were only there when they wanted to charge me."

Jesus Escobar-Villalta: His GPS device began to bite into his ankle not long after his release from ICE custody. Soon, a blister morphed into an infection that swelled his ankle, Escobar-Villalta said. "I could have lost my foot," he said. "That's what the doctors told me."

What is the role of the courts in this process?

Immigration court judges are forbidden to have any involvement with immigration bond companies, including a prohibition on directing immigrants to specific companies. However, there seems to be some evidence of where an immigration judge has done exactly that. In at [least one case](#), an immigration judge in Arlington conditioned, in writing, that a detainee be released on a \$20,000 bond and comply with the Nexus program. Yet, according to the [Executive Office for Immigration Review](#), although judges have great discretion, they also have the duty to "act impartially and shall not give preferential treatment to any organization or individual when adjudicating the merits of a particular case."

Although there is not much more evidence to back this, still, this highlights the intersection of money and justice in legal systems across the U.S. In fact, the system of justice is arguably based on how much a person can pay. For example, people who are poor are systematically treated worse than those who are wealthy. This can be seen with bail overall; those with the financial means are freed from jail prior to trial, allowing them more access to external resources which can benefit their case. People from lower economic backgrounds, on the other hand, are forced to remain in jail if unable to pay their assigned bond, thus limiting their access to exterior community resources. Other examples of [money inequalities](#) in the criminal justice system include getting a license suspended for the inability to pay off court debt, which can lead to an inescapable cycle of unemployment.

How does this affect the overall well-being of immigrants?

Economic Justice and Opportunity:

These predatory practices affect the well-being of immigrants in a variety of ways, from deceiving them into high monthly payments, to forcing them to wear ankle monitors.

A testimony provided by an immigrant in the *Washington Post* article demonstrates one of the many stories of how these bonds become financially burdensome for immigrants. Flores, an immigrant from El Salvador was paying Libre \$420 a month towards repaying a \$7,500 bond he took out with the company. By July 2015, Flores had paid the company more than \$7,000. However, when he asked a Libre employee for his balance, she told him it still stood at \$7,500. This creates a never-ending cycle of fees, preventing immigrants from investing that money elsewhere, such as education, housing, or healthcare costs (which can be high for immigrants unable to qualify for health insurance). This can ultimately lead to a cycle of poverty, where all the money earned goes to a company that never seems to stop from profiting from immigrants' freedom.

Indirectly, ankle monitors can also be economically harmful to immigrants. Due to social stigmas correlating ankle monitors with criminality, immigrants who wear these monitors are subjected to discrimination and injustice in the workplace. In 2011, for instance, the National Institute of Justice [surveyed of 5,000 offenders](#) under electronic monitoring, and found that many participants had to take breaks from work to walk around outside and reconnect lost signals. 22 percent reported that they were fired or asked to leave a job because of the ankle monitors. Indeed, ankle monitors become a barrier towards maintaining a stable job for immigrants who need it the most, as they also have to continue paying staggering fees to predatory bond companies.

Social and Emotional Challenges:

As a result of signing a contract with Libre, immigrants are forced to wear ankle monitors, which can have lasting impact on the well-being of immigrants and those around them. The [study](#) by Dr. Mirian Martinez-Aranda found that ankle monitors led to distinct childhood traumas, detrimental parent-child relationships, damage to the mental and physical health of the shackled immigrant, and weak safety nets.

Many children of immigrants experience a profound fear of parents being apprehended and deported, which can negatively impact the child's mental health and behavior. For immigrants with ankle monitors specifically, it can lead to a distinct type of trauma. Oftentimes, electronic monitors emit loud noises, which can trigger a fear of deportation to children with a parent wearing an ankle monitor.

Due to the high visibility of ankle monitors, parents are oftentimes limited to where they can go without feeling stigmatized. For example, many children feel ashamed of their parents going to school events because they do not want to be associated with criminality. The absence of parents at school events often strain the parent-child bond. Additionally, noises emitted from ankle monitors at night can rob parents of their sleep, which can make parenting more challenging by lowering the threshold for arguments between parents, upsetting the children.

How can governments and organizations deter immigrants from becoming victims of these predatory companies?

Governments and organizations can take deter immigrants from becoming victims of these predatory companies in a variety of ways:

Regulatory Measures

- Governments can follow the footsteps of New York's SIMBAA law, which imposed new and tighter regulations on these companies, preventing more predatory behavior.
- Local governments can also introduce bills similar to California's Senate Bill 318, which aimed to provide consumer protections with contracts that finance an immigration bond.
- This can also include caps on fees and in any interest rates for lending out a bond.
- More importantly, governments should prohibit the use of ankle monitors on immigrants from these private companies, to prevent lasting and detrimental effects.

Transparency and Accountability

- Governments should require that these companies ensure language access when immigrants are signing contracts. Many of these immigrants do not know the language and are often under very stressful situations when they decide to sign a bond contract. This leaves them unaware of the many predatory practices that the contract requires from them, such as the high fees and ankle monitors.
- The government must also enforce accountability by holding predatory bond companies accountable for their predatory practices. By enforcing regulations, governments have more control over predatory practices and can have a basis for which to hold these companies accountable.

Educational and Legal Assistance

- One of the most important factors in determining the success rate of an immigration case is whether the immigrant has legal representation or not. Unaware of the law and its procedures, immigrants who are unable to afford a lawyer are left to fend for themselves in a very complicated immigration system, which often results in unsuccessful cases.
- Even for bond cases, legal representation can help guide immigrants and deter them from being victims of predatory companies. With a lawyer, immigrants are more likely to understand what they are signing on to.

Organizations and Advocacy

- On the other hand, organizations can help educate more and more immigrants and communities about these companies. If immigrants are aware of the risks involved with companies like Libre, it can deter them from being victims of a never-ending cycle of fees and payments.
- Most importantly, for short-term solutions, the government can fund organizations like Freedom for Immigrants, which fund the immigration bonds for immigrants who are unable to afford them.
 - Read the story of Eva Palma: She was released from five months of immigration detention at the West County Detention Facility in Richmond, CA in November 2016. Ms. Palma's bond amount was \$2,500. She is seeking asylum in the United States from Guatemala and she is now reunited with

some of her family while her legal case proceeds. She also is the mother of three beautiful daughters in Guatemala and she is excited to reunite with them soon.

Additional readings

- Consumer Financial Protection Bureau, [Consumer Financial Protection Bureau and Virginia, Massachusetts, and New York Attorneys General Sue Libre for Predatory Immigrant-Services Scam](#), February, 2021.
- Break the Shackles, [POLICY BACKGROUNDER, STOP IMMIGRATION BOND ABUSE ACT](#), December, 2021.
- New York City Comptroller, [The Demographics of Detention: Immigration Enforcement in NYC Under Trump](#), February, 2019.
- The Washington Post, [This company is making millions from America's broken immigration system](#), March, 2017.
- CBS News, [Bail bond firm duped immigrants into wearing "shackles" and paying to have them removed, feds say](#), February, 2021.