

By Neil Gallagher

I never expected to be incarcerated, let alone sitting inside a double-stacked solitary confinement cell in a high-security prison, thinking about where it all went wrong.

I learned a lot during my 17-month sentence in the Florida Department of Corrections, some positive and some not so much. Without much else to do in confinement, I rethought every little detail that led me to this point. I spent most of my day zoned out; the book cart came only once a week, and I had made the rookie mistake of finishing my book the first day.

My first cellmate in confinement was deaf, so my cell was eerily quiet. That changed when I was assigned a new cellmate named Jay.¹ He spoke nonstop. Jay had been homeless most of his life. In and out of foster care, he struggled with addiction and was ultimately incarcerated. He never finished the 8th grade and felt that his path was predetermined. It wasn't until I tried to pay the confinement orderly to get clean clothes that I began to see a different side of Jay.

¹ Jay's name is fictitious out of respect to him.

FELONY FINANCE

Chidinma Dureke, *Businessmen*, 2023
Oil, colored pencil and metal leaf on paper
16 x 16.5 in.



An Introduction to Prison Supply and Demand

A confinement orderly is an inmate whose job is to manage the solitary wing. A sought-after assignment, they reside outside of the confinement cell block and are tasked with cleaning, passing out food, collecting mail, and providing weekly hygiene rations. They are also unofficially tasked with running the black market within the cell block. This consists of outside food items, drugs, and access to the rest of the compound. In confinement you have a very limited selection of items you can purchase from the commissary. The commissary, also known as the canteen or “the window,” is like the prison 7-11. You can purchase sodas, meals, and snacks as well as hygiene items and postage. For an inmate who relies on the 1,200 calories provided to them by the state, access to the commissary is a vital part of existence.

While in solitary or confinement, you lose the privilege of visiting the commissary and are given a small selection of items you can purchase. Every two weeks you can purchase four food items such as peanut butter packets and crackers and five hygiene items such as deodorant, shower shoes, and a soap dish. The black market price for a set of clean underwear was roughly \$3—the price for a stick of deodorant was \$3.14.

When I tried to pay for clean clothes with a stick of deodorant, the orderly scoffed at me. Confused, I asked Jay if I had done something wrong. What proceeded was a 15-minute lesson on prison-level supply and demand.

As someone who had been in business school just two years prior, I never imagined I would need a refresher on supply and demand, let alone one using my need for clean underwear as an example. You see, the orderlies did not live in the solitary wing. After their shift, they returned to their assigned housing, often with bags full of canteen items and contraband, payment from other inmates² for a hard day’s work. These inmates resided in only two dorms on the compound, trading their bounty for items they needed for themselves. Over time, there was such an influx of deodorants to these isolated dorms that even though their ticket price in the commissary was \$3, they could only trade for \$1. Like a ticker tape scrolling across a trading floor, my cellmate recited the changes in the price of these commodities from memory.

The Hustles

Jay may not have known it, but he possessed a high level of understanding of the basic principles of microeconomics. I began to reflect on all the “hustles” I had come across during my relatively short sentence. I would come to learn that most inmates possessed a high level of business acumen and an entrepreneurial spirit. Hustles ranged from sewing and altering uniforms to six-figure contraband smuggling rings run from an illegal smartphone.

I saw inmates with hundreds of thousands of dollars sitting in money transfer apps, using them to sports bet, day trade on the stock market, and often support their families on the outside. I have also seen these proceeds used to hire private attorneys and, in rare instances, overturn their sentences.

I saw fellow inmates start with nothing and build successful “storing” businesses, lending food and hygiene items out for interest. It would get to the point where they no longer required support from their families, all by essentially offering banking services based on the food you’d find at a gas station.

Most of these inmates accomplished all this with less than an 8th grade education, many without formal business knowledge, and some having never even held a job.

These “store men,” as they were called, were a vital part of the prison and jail economy.

Storing was also the first hustle that I encountered when I started my sentence. I had just gotten to my bunk in the county jail after my court date. Observing everything around me, I noticed the guy who lived directly across from me. People visited his bunk all night. He was constantly in and out of his footlocker, either collecting ramen two at a time or giving

it out. My bunkie was one of these customers. He explained to me that the store man would lend food out in exchange for interest. These store men would start with a few food items such as ramen or chips. Each store varied in its interest rates. The most common being one-for-two or two-for-three. This can either mean for every \$1 you borrow; you pay back \$2. Or for every \$2, you pay back \$3. It can also come in the form of items such as paying back two ramen packets if you had borrowed one. Typically, these store men would build these businesses from nothing. Some may borrow or receive a food item as a gift and “store it out.” Over time these stores can grow enough to feed the inmate running it as well as run the business.

At first, I was disappointed that someone would take advantage of others who were down on their luck. I soon realized that had this store man operated this business model on the street he would have a much more prestigious title, a fancy suit, and maybe even a corner office. While people go to school for years to become bankers and loan officers, this entrepreneur learned this while serving time for petty crimes.

Another low start-up cost hustle was running sports betting and bingo. While this was less common as there were more logistical challenges such as payment collection and other risks, it could be quite profitable. The organizers would create a card, usually out of a piece of cardboard, and collect bets or sell tickets. The winners would collect a portion of the winnings, and the organizer would collect a percentage as well, with none of his own money at stake.

It is worth noting that outside economic forces often affect those on the inside more than the average person may realize. While

² This is not meant as a derogatory term. This is what I have become so accustomed to, and many in the Florida DOC refer to each other as inmates, with the term “convict” often meaning someone is a very good inmate, following the unofficial rules, etc. An example would be if someone witnessed something and refused to speak to the officers. They would say that they were a “true convict.” While someone who is not incarcerated referring to someone incarcerated as an inmate could be perceived as demeaning, it’s not received this way coming from others in the same situation.

recession, inflation, and employment rates may not seem to be important for incarcerated people who are not actively engaged in the economy, they are very relevant to families who support them. During the 2008 recession, most Americans experienced hardships, and those who were incarcerated were no different. Based on dozens of conversations with inmates incarcerated during this time, I learned that with their families unable to support them and no way to earn money on their own (Florida

does not pay for work), hunger increased, tempers rose, and often violence seemed to follow. The opposite could be said for periods of prosperity. During the Covid-19 pandemic, inmates were able to receive stimulus checks while incarcerated. While \$1800 may not seem like much to those on the street, it's a fortune for those behind bars. Many states limit weekly spending while incarcerated to a limit of \$100. With this stimulus, debts were paid, and violence seemed to decrease.

Pricing and Profit

Prices of contraband fluctuated due to its supply on the prison compound. There always seemed to be a demand for contraband. If there was a significant supply of, say, cigarettes, the inmates would refer to this influx as “being flooded.” So, if cigarettes were not being brought in, a single cigarette could go for \$25 to \$50. When the “compound was flooded,” the price would decrease, to around \$5 per cigarette. Drugs and weapons varied per compound but were marked up significantly higher than street prices. This fluctuation in price made using these contraband items as currency less than ideal. Most transactions were based on stable goods such as ramen, and in modern times, money sent via CashApp. Much like prior to 1971 when the United States economy was backed by the gold standard, the economy inside the prison walls relies on the price of a few staple goods such as ramen.

Commissary prices at state-run facilities are set by the state, while private, for-profit prisons have more autonomy over their offerings and prices. A single serving of ramen cost an inmate \$0.71 while I was incarcerated, roughly a 300% increase since its \$0.18 price in 2002. Ramen, chips, and certain cookies were often used as currency as they were closest in price to \$1. When bartering, some

inmates would allow a \$0.05 discrepancy, but others wanted the exact amount, sometimes profiting by a few cents. These and other commissary items were used to pay debts and trade.

In the past, tuna packets would be used for larger transactions over \$10 as they did not take up much room and held their value of \$2.

Guards caught onto this and would become suspicious when you were discovered to have large amounts of tuna. This caused a problem for those simply trying to eat healthily.

While getting this contraband into prisons is easy through guards and staff, getting the money out has been a long-standing obstacle. There have been a variety of solutions over the years, and they are constantly evolving. In the 90s, Western Union was often used by inmates' families to send money on their behalf. It then turned to “green dot cards” which were refillable cards like gift cards or debit cards. Walmart-to-Walmart transfers would also be used.

In jail and prison, the barter economy is alive and well. The only alternative to

bartering is to receive money transfers through a transfer app, which requires a contraband phone and a family member or a support network willing to send money.

These money transfer applications have become a staple of the *arrested economy*³ just as they have for the mainstream economy. They can be used to send and receive the exact amount needed without having a locker full of questionable packets of tuna fish. These apps also allow for more utility. If an inmate is engaged in smuggling, he can use this app to pay for more products and drops to be brought to the facility. It can also be used to support one's family, pay lawyers, etc.

While I was incarcerated, CashApp was the favorite of *cell block brokers*,⁴ as it did not require a linked bank account or identification

³ This is a term I created to describe these prison enterprises.

⁴ This is a term I created to describe the market makers within prison walls

verifications as did its competitors such as Venmo, PayPal, and Zelle. The reason that these looser regulations were enticing for these entrepreneurs was two-fold. More regulated banking apps often flag suspicious transactions, freezing money and blocking trades, eventually outright banning an individual from its service. CashApp may block an account, but not an individual, allowing them to register multiple accounts. It also did not require a linked bank, which allowed more flexibility for those engaged in illegal transactions. The other benefit was that it allowed those who did not have a bank account to make transactions, critical for inmates without a bank back home, or whose family members were economically disadvantaged and could not maintain the minimum balances.

Business Prospects on the Outside

When I suggested Jay consider opening his own business upon release, he told me he was ineligible due to his felony conviction.

Somewhere along his path, someone had told him that felons were not allowed to open their own businesses.

When I told him this wasn't the case, a spark ignited, and we spent our remaining time together devising a business plan for after his release. He had been a “tailor” inside of prison, and he hoped to open an alterations shop and eventually start his own clothing brand, giving back to the homeless community he was once a part of.

I heard many others repeat the same false belief as Jay. While incarcerated, we are constantly told that to lead a successful life we must find a steady job, obtain stable housing, and attend school. This encompasses much of the re-entry curriculum currently in place. While there is no doubt that these statements are valid in theory, they are nearly impossible to implement in practice due to barriers put in place in the workforce, housing, and even secondary education. I experienced most of these first-hand, even prior to being convicted.

The Potential of Prison Entrepreneurship

During my time spent incarcerated, there was a horrifying lack of programs teaching inmates necessary skills such as resume building, interview strategies, or even basic financial literacy. These skills are necessary for a successful transition and a reduction in the recidivism crisis. There are many initiatives to teach financial literacy in the free world with a new proposal to require financial literacy for all high schoolers in the state of Florida. However, one group seems to have been forgotten—those currently incarcerated.

Ninety-five percent of inmates will return to society in the coming years, many having received little to no skill training, education, or financial literacy while incarcerated. They will have an extraordinarily hard time finding housing, work, and stability.

It would make more sense if people could return to their communities with useful business skills than as someone whose life has only worsened while incarcerated.

Barriers to Financial and Business Education

While at my last camp,⁵ I began hosting informal financial literacy programs using my old coursework from my degree in financial planning and working knowledge in the industry as the curriculum. This was not due to my desire to use my lackluster memory, but because every book on business principles I attempted to have sent to me was rejected by prison officials.

My father spent \$40 trying to send me a book on basic accounting that I could have the students work through, but it was rejected and destroyed even before it entered the compound. I later learned this was because it violated a formal rule against text that “advocates or

encourages riot, insurrection, organized protest and disruption of the institution.”

I was also charged with attempting “to run a business while incarcerated.” The passage in question? A one-paragraph summary of a profit and loss statement.

What struck me the most about the rejection notification was the closing statement that it “presented a threat to the security, order, or rehabilitation objectives of the correctional system.” This statement still bothers me to this day. What were the prison’s rehabilitation objectives? I certainly didn’t see any of them being implemented during my stay, nor did I see anything being done to tackle the staggering crisis of recidivism. What I did see was violence, drugs, and helplessness, as well as an influx of books depicting the same. While my business and self-help books were

rejected, “urban fiction” depicting drug dealers, prostitution, and street life were not only allowed in but filled the bookshelves of the prison library.

It finally occurred to me that these facilities and institutions have good reasons to pick and choose which literature is allowed and which isn’t. Many of these inmates are return customers, doing life on the “installment plan” (serving multiple terms throughout their lives). If a book depicts the familiar, it doesn’t prompt change. It allows them to hold onto a piece of the worst part of themselves, a part of themselves that these institutions need them to keep. Prisons can’t afford to have anyone breaking the cycle. If a book whose sole purpose is to educate causes fear of a riot, what is really going on?

There are those who believe, as I once did, that these inmates refuse to change their ways, but now having been in their shoes, I realize that the system we have in place makes change almost out of reach for those returning to society. They often return to society with no new skills, no further education, and sometimes a drug problem where one never existed prior to their time in prison. They also come out with a societal scarlet letter. They will face

housing discrimination and barriers to employment and education. Those who spent most of their lives incarcerated may find themselves ineligible for social security as they never were able to pay into it. I met several people who had been sentenced as juveniles and would not be returning to society until they were in their 60s. With no trades, education, skills, or safety net, their transition will be extremely difficult.

They may call it rehabilitation, but I saw no such thing during my time. I saw understaffed facilities, burnt-out and underpaid guards, and little to no civilian staff. I also saw more drugs in six months than I had ever been around in my entire life. The lack of staff became such a problem that the National Guard had to be activated to fill shortfalls. With many dorms of 200+ being supervised by a single corrections officer, I realized that I had never encountered a program not run in part by an inmate. If you requested to speak to a chaplain, you spoke to an inmate. Need help with your GED? You spoke to an inmate. Need to speak to an attorney regarding an appeal? You spoke to a jailhouse lawyer. I realized that the change I wanted to see required individual action to make it a reality. I realized maybe I could be the inmate who helps break this cycle, at least for a few.

Felony Finance School

After requests to set up a formal class for inmates fell on deaf ears, and materials were rejected and banned, I had no other option than to run these classes “underground.” We often jokingly called this class “felony finance,” and it had a large turnout at times. I held classes in my dorm every afternoon that I was not at work, with inmates sneaking across the compound to attend. I would hold classes in the kitchen for my coworkers between meal rushes. I would also hold meetings in the law library. I always had my curriculum on me, and people would approach me to ask questions. Even the

lifers would come to my classes. With them, I would focus on budgeting and creating ways to sustain their account balances and ways that they could earn food from “hustles.”

One even conducted “food arbitrage” in which he would connect buyers and sellers of different canteen items. For instance, if someone really wanted a bagel and the canteen was sold out, a buyer would offer a premium for the bagel. My friend would undercut the offer and find a seller who would sell for less than the buyers’ price and pocket the spread.

⁵ In prison vernacular, camp is a term meaning institution.

I would do my best to teach investing, using old stock sections from the Wall Street Journal. I taught basic principles of savings all the way up to the power of compound interest.

I taught the necessity of diversification and covered as far as obtaining business loans. No matter the subject, there seemed to be a comparable experience within the Department of Corrections. When I began teaching

accounting and mentioned “Cost of Goods Sold” these students quickly drew a correlation of working within the prison kitchen. Here, the kitchen staff would steal ingredients to make sandwiches and other food items to bring back and sell to their dorm. They would often barter with other kitchen departments to get the items needed. Though they may sell the final product (a sandwich) for \$3 dollars, there was often money expended to produce this final product.

Community and Purpose

I also began to realize that the courses formed a community of their own. I would often run into inmates discussing business ideas or their “stock picks.” These inmates did not have much in common other than their uniform and their participation in the course, but based on these interactions, you would think they were lifelong friends. I believe it holds true in most societies that people often seek out a group where they feel welcomed and where they feel they belong. While in the free world, this may come in the form of social clubs, veteran’s organizations, and alumni groups; inside the razor wire fence, these come in the form of religion, gangs, race, and sometimes even types of criminal charges. Many of these people have no desire to join these groups had they a choice. In jail and prison, it’s a scary feeling to be on your own. Through this curriculum, the participants were able to find a sense of community, a group of like-minded individuals who were looking for positive change.

These students came in all forms. There were a few who came for free coffee (it was not free for me) and those who arrived excited to learn, with questions prepared and pages and pages of notes. There was a small minority who hoped this class would teach financial fraud, but they quickly learned otherwise.

The majority were excited just to learn basic financial skills, such as how to file their own taxes. Many of these students were thrilled with the thought of owning their own businesses or being able to better manage their finances. When we discussed goal setting, many were amazed at just how attainable their goals were with the proper planning.

Even those who originally came for the wrong reasons began to become involved with the class and began contributing to the discussions, excited to begin a new life outside of the prison walls.

Many of these students were amazed to realize that they already practiced habits that financial planners stress to their clients. One example was one of my roommates “Dizzy.” Anytime he received money he would save half in his account and spend the remainder. What he spent it on followed well-established financial principles. Say he received \$100. Dizzy would keep \$50 in his account and spend \$20 on food. He would take the remaining \$30 and buy hygiene items in excess. He built up a 6-month supply of soap, toothbrushes, and deodorant. If he had excess inventory, he would

either share or barter with it. Without any formal financial knowledge, he grasped a principle of savings that can be difficult for some to comprehend. Many of these students were like this, and just needed to be shown how to apply these habits in the free world.

My class really began to take off when I arrived at work release, a state-supervised work reintegration program. Unlike the prison administrators, the work release director was delighted when I offered to run the course. I was able to create a curriculum that I could work through with the inmates at the facility. They would propose questions and topics they would like to learn more about, and I would spend time during the week coming up with material to aid the class. With first-hand access to materials, I was able to tailor the curriculum to these new students’ needs. We met every Sunday for about an hour, and throughout the week I would meet with the participants to go over any questions they may have. Like in the correction facilities, there were obstacles to overcome at the work release facilities as well.

In state facilities, drugs are often a problem, and work release is not excluded from this. This caused problems with retention in my course. Some inmates would relapse and lose focus on anything productive. This usually led to their termination from work release and their return to prison. I also noticed that once inmates were able to use a cell phone legally, they lost interest in coming to the course. I felt discouraged by this, but a few regulars made a large impact on me. I have been fortunate to keep up with many of these students upon their release. Some have gone on to start their own businesses or have begun new careers, and it’s very exciting to see where their journey will take them. The alumni from my course have stayed out of trouble in the few short months they have been free. The same cannot be said of the regular inmates, several of whom have been re-arrested just weeks or months after their release.

While it is far too early to draw any conclusions or correlations between these cases, I feel confident that no matter the outcome, the participants of this course will have a greater understanding of the economy around them, and hopefully they will realize that they have the skills to succeed no matter the obstacles they may face. It is my hope that I can continue this course and expand it to other facilities, to give others a chance to participate in the Business School of Hard Knocks, and to show them that they have the power to live up to their fullest potential and break the cycle. I also hope that others more knowledgeable than myself will become involved in these programs and share their expertise with those yearning to learn.

By fostering and furthering the entrepreneurial skills that emerge during incarceration and working to eliminate the barriers of re-joining the economic system, we can ensure that people emerge with valuable skills, purpose, and desire to succeed in the outside world.

Neil Gallagher, formerly incarcerated, continues to run entrepreneurship and financial literacy programs for currently incarcerated individuals. He is currently pursuing his master’s degree and applying to law school.