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Jake Branson earns \$7.25 an hour making sandwiches at a Subway in Leander, Texas, a suburb of Austin. Those wages used to come in the form of a paper check. Starting last month, though, he began receiving his pay on a prepaid Visa card. Most of it, that is.

Swiping the card to buy something at a store can result in an additional 50 cent fee, he said. Use any ATM to withdraw money, and it's another \$1.75. Checking the card's balance on an ATM results in a \$1 charge.

Branson lobbied his supervisors to bring back paper checks but was told no, he said. So he called more than 10 law firms until he found one willing to help sue the company that operates about 30 Subway shops in the Austin area. Branson recently filed the class action lawsuit on behalf of himself and other employees in Travis County district court.

"This is happening underneath the charge of a couple of owners that apparently don't give any kind of damn," Branson said in an interview. "They could have looked for like 30 seconds on Google and seen that this was illegal for them to do."

His is the latest in a series of lawsuits — one against the owner of McDonald's franchises in Pennsylvania and another against a Jimmy John's operator that does business in Texas — that take issue with employers who place earnings on prepaid cards.

Uneven regulations mean that some prepaid cards, though certainly not all, come

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Texas labor law says debit cards can be issued to an employee who gives written consent, a Texas Workforce Commission spokeswoman said in an email. The lawsuit alleges that Subway employees had no say in the matter.

“It’s our allegation that telling your employee, ‘Hey, this is how it’s going to be. Sign this document to sign up for your bank account,’ isn’t really a choice,” said Branson’s lawyer, Jim Terry, a partner at the firm of [Terry & Kelly PLLC](#).

Destiny Foods and Global Cash Card did not return phone messages requesting comment.

Branson, a 25-year-old Jonestown resident, began working at Subway in March because he wasn’t logging enough hours at another job at GameStop. He also works at a Little Caesars.

When he first used the prepaid card from his Subway job, Branson ended up paying about \$7 or \$8 in fees, Terry said.

The next time he got paid, Branson strolled into a Bank of America and asked the teller to cash out what was on the card. It was done free of charge — which is required under federal law, said Madeline Aufseeser, a senior analyst at the research firm Aite Group who has studied prepaid cards.

Prepaid cards are an increasingly popular form of compensation, according to a 2012 report by Aufseeser. Employers issued cards worth a total of \$26.6 billion to 3.7 million employees in 2011, numbers that are projected to more than double by 2016.

For every employee who takes a prepaid card rather than a paper check, the employer saves \$2 to \$3 each pay period, Aufseeser said in an interview. In part, that’s because the employer no longer has to purchase paper, toner cartridges and postage.

Prepaid cards, Aufseeser said, are also more convenient for employees who don't have

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In 2011, Texas began offering state employees the option of receiving wages through prepaid cards under a contract with Bank of America, Texas comptroller spokesman R.J. DeSilva said in an email. About 0.5 percent of employees paid through the comptroller's office have chosen the cards, which come with no withdrawal and balance inquiry fees at Bank of America ATMs, DeSilva said.

Among the states with laws on prepaid cards, Vermont might have the strongest protections for cardholders: It mandates three free withdrawals per pay period and a free written transaction history, Saunders said.

Wal-Mart is a frequently cited company that doles out prepaid cards to workers. Most companies that do likewise are retailers with far-flung locations, seasonal workers and a large payroll.

Destiny Foods employs about 300 people in Travis and Williamson counties, the lawsuit said. Global Cash Card, which provides the prepaid cards to Destiny Foods, is a subsidiary of a San Diego County-based private company with annual sales estimated at \$1.6 million last year, according to a Dun & Bradstreet credit report.

Prepaid cards in court

Other lawsuits are pending against businesses that pay their employees with prepaid debit cards.

—Jimmy John's delivery driver Scott Lewis filed a lawsuit in 2013 alleging, in part, that the franchise mandated workers be paid by direct deposit or a payroll card from InTrust Bank. Employees who choose the payroll card option don't receive a paycheck stub showing their "hours, reimbursements, or withholdings," says the lawsuit, which was filed in U.S. district court in Kansas.

–Former McDonald’s employee Natalie Gunshannon filed a lawsuit last year in a

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