


The Banks That Finance Private Prison Companies




In the Public Interest • November 2016

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SECTION 1

Executive summary

Pprivate prison companies hold contracts to operate hundreds of prisons, jails, and immigration detention centers across the country. By profiting off of incarceration, private prison companies have a perverse incentive to make business decisions that lead to more people behind bars. Private prisons also are rife with human rights abuses, pay correctional officers less than they are paid at publicly managed prisons, and foster environments un conducive to prisoner rehabilitation.

The two private prison industry leaders, Corrections Corporation of America (CCA) and GEO Group, depend on debt financing in the form of credit, loans, and bonds to conduct their day-to-day business operations and acquire smaller companies.* At the end of June 2016, CCA had total debts of \$1.5 billion and GEO Group had total debts of \$1.9 billion.

An analysis of financial documents filed with the U.S. Securities and Exchange Commission (SEC) over the past 10 years shows that six Wall Street banks play large roles in financing CCA's and GEO Group's debts. These six banks—**Bank of America, JPMorgan Chase, BNP Paribas, SunTrust, U.S. Bancorp, and Wells Fargo**—have (1) extended revolving credit to CCA and GEO Group, (2) provided the two companies with term loans, and (3) underwritten the two companies' bonds. For details on each bank's involvement in CCA's and GEO Group's debts, see Appendix A.

By providing CCA and GEO Group with debt financing, the banks are complicit with the private prison companies in contributing to and enabling mass incarceration and the criminalization of immigration. Additionally, by collecting interest and fees on outstanding debt, the banks are complicit with CCA and GEO Group in profiting from mass incarceration and the criminalization of immigration.

The banks highlighted in this report should cease providing debt financing for private prison companies. Until banks do so, their clients and shareholders—including endowments, churches, universities, socially responsible investors, municipalities, states, and pension funds—should exert pressure on the banks to cut ties with CCA and GEO Group. With a successful, concerted effort, CCA and GEO Group will be unable to obtain debt and continue contributing to and enabling mass incarceration and the criminalization of immigration.

Private prison companies rely on debt financing from banks to expand their control of the criminal justice system and immigration enforcement system. By providing loans to CCA and GEO Group to purchase companies that provide residential reentry and electronic monitoring services, the banks have helped position the private prison companies to

* While Corrections Corporation of America (CCA) rebranded as "CoreCivic" on 28 October 2016, this report continues to use the name "CCA."

receive new business as states and the federal government replace “tough on crime” policies with “community corrections” policies and replace immigration detention policies with immigration surveillance policies. Key findings on how banks have enabled the private prison companies to expand their control of the criminal justice system include:

- GEO Group relied on debt to finance the acquisition of eight of the nine companies it has purchased since 2005 that either manage prisons or provide electronic monitoring for community corrections. The price tag for the eight companies GEO Group purchased with debt financing totals \$2 billion.[†] For a list of banks that played roles in financing GEO Group’s acquisitions, see Table B-1 in Appendix B.
- Since 2013, CCA has acquired three companies that manage residential reentry centers. CCA relied on debt to finance the acquisition of two of these companies, which had a combined price tag of \$193 million.[‡] For a list of banks that played roles in financing CCA’s acquisitions, see Table B-2 in Appendix B.

Banks generate revenue from collecting interest and fees on CCA’s and GEO Group’s debts. Since CCA and GEO Group collect their revenue from government contracts, which the companies use to service their debts, the interest and fees paid to banks are taxpayer dollars. Key findings on the interest and fees banks collect include:

- In 2015, CCA and GEO Group made payments related to interest totaling \$49.1 million and \$106.1 million, respectively.[§]
- Over the lifetime of CCA’s \$925 million of bonds, the company will pay bondholders an estimated \$346 million in interest.^{**}
- Over the lifetime of GEO Group’s \$1.15 billion of bonds, the company will pay bondholders an estimated \$633 million in interest.^{**}
- CCA and GEO Group pay fees to the banks that are the administrative agents for revolving credit and that are trustees for bond offerings. CCA and GEO Group also pay banks fees for extending credit that the private prison companies do not use, underwriting bonds, and providing other services related to debt.

CCA and GEO Group each have an agreement with a syndicate of banks for a revolving credit facility in which the private prison companies can borrow and repay funds when they choose up to the credit limit.^{††} Key findings about CCA’s and GEO Group’s revolving credit include:

- As of June 2016, a syndicate of 10 banks has loaned CCA a combined \$444 million through the company’s revolving credit. The largest contributors are **SunTrust, Bank of America, Wells Fargo, and JPMorgan Chase**, with each loaning 14.7

[†] To purchase some companies, GEO Group supplemented the debt with cash on hand.

[‡] To purchase these companies, CCA might have supplemented the debt with cash on hand.

[§] Interest payments include those that CCA and GEO Group paid to banks as well as non-bank entities that hold the companies’ bonds.

^{**} Interest payments include those CCA paid to banks as well as non-bank entities.

^{††} Interest payments include those GEO Group paid to banks as well as non-bank entities.

^{‡‡} CCA’s and GEO Group’s SEC filings refer to each company’s “revolving credit facility.” Elsewhere in the report, each company’s “revolving credit facility” is referred to as its “revolving credit.”

percent of the credit. The total value of revolving credit extended to CCA equals \$900 million.

- As of June 2016, a syndicate of at least six banks—**BNP Paribas, Bank of America, Barclays, JPMorgan Chase, SunTrust, and Wells Fargo**—has loaned GEO Group \$450 million through the company's revolving credit. The proportion that each bank contributed to the \$450 million is not disclosed. The total value of revolving credit extended to GEO Group equals \$900 million.
- As administrative agents, **Bank of America** has been instrumental in CCA's revolving credit and **BNP Paribas** has been instrumental in GEO Group's revolving credit. In these roles, Bank of America and BNP Paribas brought the other banks in the syndicates together and negotiated the specifics of the credit agreements. When CCA and GEO Group draw from their credit, as the administrative agents, Bank of America and BNP Paribas also act as go-betweens for the companies and syndicates of banks.

CCA and GEO Group each have an agreement with a syndicate of banks for a term loan in which the private prison companies have borrowed a set amount that must be repaid on an agreed-upon schedule. Key findings about CCA's and GEO Group's term loans include:

- As of June 2016, CCA owed eight banks a total of \$97.5 million through its term loan. **Regions Bank** had loaned the largest portion—\$19.6 million. **Bank of America, JPMorgan Chase, SunTrust, and Wells Fargo** each had loaned \$14.3 million.
- As of June 2016, GEO Group owed at least five banks—**BNP Paribas, Bank of America, Barclays, SunTrust, and Wells Fargo**—a total of \$291 million through its term loan.

CCA and GEO Group have issued series of corporate bonds each of which has been underwritten by a syndicate of banks, meaning the banks have bought all the bonds and resold them on the secondary market. Key findings about CCA's and GEO Group's bond offerings include:

- A syndicate of 10 banks underwrote CCA's most recent corporate bond offering of \$250 million. **Wells Fargo** underwrote the largest portion, \$42.5 million. **Bank of America, JPMorgan Chase, and SunTrust** each underwrote \$40 million. A syndicate of 13 banks, which includes **Wells Fargo** and **U.S. Bancorp**, underwrote CCA's two other current bond offerings, which total \$675 million.
- A syndicate of 10 banks underwrote GEO Group's most recent corporate bond offering of \$350 million. **Wells Fargo** and **SunTrust** underwrote the largest portions, \$70 million each. GEO Group has issued three other bond offerings totaling \$800 million.
- As trustees, **U.S. Bancorp** has been instrumental in enabling CCA to offer corporate bonds, and **Wells Fargo** has been instrumental in enabling GEO Group to offer corporate bonds. In these roles, U.S. Bancorp and Wells Fargo enforce the bond agreements.

- As of October 2016, **JPMorgan Chase** held the largest share of both CCA's and GEO Group's corporate bonds for which bondholder data were publicly available, \$89 million (9.6 percent of all bonds) and \$77 million (6.7 percent of all bonds), respectively.

A note on the data in this report

The majority of information in this report is based on details included in records CCA and GEO Group filed with the U.S. Securities and Exchange Commission (SEC). In some instances the records were lacking information that the authors would have preferred to include. For this reason, the data in this report do not constitute a comprehensive review of CCA's and GEO Group's debts. Rather, the data provide a baseline for the degree to which banks are or were involved in CCA's and GEO Group's debts. Some banks might be or have been involved in financing CCA's and GEO Group's debts in more ways than are discussed in the following pages. Additionally for this reason, some debt data are presented for CCA but parallel data are not presented for GEO Group or vice versa.

Also, the degree to which banks are involved in financing CCA's and GEO Group's debts changes as the companies pay back their loans, take out new loans, buy back bonds, issue new bonds, or make changes to their debt agreements. While reading this report, it is important to take note of the date included for some data points.

Since CCA and GEO Group provide public functions with public dollars, the details on their debts should be public information. When the government privatizes services, the public often loses access to information that would be accessible if the services remained in-house, leaving the public without the ability to watchdog how their tax dollars are spent.¹ For this reason, CCA and GEO Group should disclose all details on debts that would be disclosed if they were public entities borrowing money, including, interest rates, lenders, loan amounts, and purpose.

SECTION 2

Introduction

In politics, consensus is hard to come by, but almost everyone agrees that the United States has an incarceration problem.

That the country has more people in prison and jail than any other has convinced even formerly “tough on crime” politicians that the criminal justice system needs reform. High incarceration rates are “very costly for the taxpayers,” says former House Speaker Newt Gingrich.² Yet the problem runs deeper than government spending. As the prison population has quintupled in the past 40 years, an era known as “mass incarceration,” the burden has fallen disproportionately on people of color. For example, black men are imprisoned at six times the rate of white men.³ A United Nations panel has described mass incarceration in the United States as a “system of racial control that operate[s] in a similar way to how Jim Crow laws once operated.”⁴

The private prison industry has long been an enabling force for mass incarceration, as well as the related problem of the criminalization of immigration. As incarcerated and detained populations have swelled, the business of owning and operating prisons and jails to incarcerate them has grown into a multibillion-dollar industry. The industry’s two largest companies, Corrections Corporation of America (CCA) and GEO Group, both publicly traded corporations, profited a combined \$361 million in 2015 alone.⁵

Incarceration is big business, and like any corporation looking to grow, CCA and GEO Group rely on debt financing provided by financial institutions, including prominent Wall Street banks. This report analyzes and presents the specifics of these debts, revealing the financial underpinnings of the private prison industry. Like all things financial, the details are complicated, but this much is clear: By providing credit, loans, and bonds, banks, such as Bank of America, JPMorgan Chase, and Wells Fargo, have enabled the industry to increase its control of America’s criminal justice system. All the while, the banks have profited from charging interest and fees.

Both private prison companies consider the ability to obtain debt financing critical to maintaining profitability.⁶ Debt financing is crucial not only for building new facilities but also for adapting to changes in the criminal justice and immigration enforcement systems. As consensus has formed around the need to send fewer people to prisons, jails, and detention centers, CCA and GEO Group have diversified into other parts of those systems. Relying on debt financing, the two companies have acquired other smaller companies in recent years that provide services, such as reentry facilities (“halfway houses”) and electronic monitoring, that could grow in use as the incarcerated population declines.

The result of the financial sector’s involvement in the private prison industry fits a familiar pattern. Nearly a decade ago, the Great Recession exposed the risks of an increasingly

fancialized economy, one in which financial institutions like banks have outsized power relative to the rest of the economy.⁷ The housing crisis passed those risks on to those with far less power, particularly black and Latino homeowners, who were more than 70 percent more likely than white homeowners to lose their homes to foreclosure between 2007 and 2009.⁸

That a handful of banks, particularly those on Wall Street that profited from the housing crisis, are also profiting from mass incarceration and the criminalization of immigration is crucial to understanding America's ongoing economic, racial, and political inequality.

Some have already begun to make this connection. In June 2016, taking cues from successful divestment campaigns at Columbia University and the University of California (UC) system, the Berkeley City Council called on the city of Berkeley, CA, to divest from private prison companies, including CCA and GEO Group. The council also recommended the city request that its business partners, most notably Wells Fargo, do the same.⁹ This report should help others question and research the roles that private prison companies and banks play in their communities' finances.

Exposing the financial sector's role in the private prison industry could be critical to ending mass incarceration and the criminalization of immigration. Billions of dollars in taxpayer money and millions of lives are at stake. Every dollar in profit for the private corrections industry—and for the banks that finance it—is a dollar that could instead be invested in education, mental health services, and substance abuse treatment. Money currently going to executives, shareholders, and Wall Street could be spent on addressing the root causes of crime rather than locking away the symptoms.

This report details how financial institutions, most prominently Wall Street banks, bankroll the private prison industry.

SECTION 3

Private prison companies rely on debt financing from banks

Private prison companies hold contracts to operate hundreds of prisons, jails, and immigration detention centers across the country. These facilities are plagued with violence, have high levels of sexual assault, neglect the medical needs of prisoners and detainees in their care, and are rife with other human rights abuses.¹⁰

By profiting from incarceration, private prison companies have a perverse incentive to make business decisions that lead to more people behind bars. Private prison companies send executives and lobbyists to federal and state governments to seek people to incarcerate in their empty beds.¹¹ Private prison companies fail to create environments conducive to rehabilitation, leading to recidivism rates that are higher than rates in publicly managed prisons.¹² Private prison companies use infractions in prisons to increase the sentence length served by prisoners, inflating the time people spend incarcerated.¹³

Additionally, to increase profits, private prison companies cut corners on staffing and compensation, resulting in prison environments with too few correctional officers, especially those with experience, endangering prisoner and employee safety.¹⁴ Private prison companies pay their correctional officers a median salary that is 22 percent lower than the median salary paid to correctional officers in publicly managed prisons.¹⁵

The two private prison industry leaders, Corrections Corporation of America (CCA) and GEO Group, depend on debt financing in the form of credit, bonds, and loans to conduct their day-to-day business operations as well as expand their control of the criminal justice and immigration enforcement systems.¹⁶ *(For more information on the ways CCA and GEO Group use debt financing, see this report's section titled, "Debt Financing Enables Private Prison Companies to Maintain and Expand Their Control of the Criminal Justice and Immigration Enforcement Systems.")*

An analysis of financial documents filed with the U.S. Securities and Exchange Commission (SEC) over the past 10 years shows that Wall Street banks have extended revolving credit to CCA and GEO Group, provided the two companies with term loans, and allowed the two companies to issue bonds. By financing CCA's and GEO Group's debts, the banks are complicit with the private prison companies in contributing to and enabling mass incarceration and the criminalization of immigration.

The following subsections analyze and present data from the SEC on banks' involvement in CCA and GEO Group's debts.

Private prison companies have billions of dollars of debt

At the end of June 2016, CCA held \$1.5 billion in debt and GEO Group held \$1.9 billion in debt. (See *Tables 1 and 2.*) These debts are made up of:

- **Revolving credit** facility loans in which CCA and GEO Group make an agreement with a set of banks to be able to borrow and repay up to a certain amount on any day until the agreement's end date.^{§§} As of June 2016, CCA had used 49 percent of its \$900 million revolving credit limit and GEO Group had used 50 percent of its \$900 million revolving credit limit.¹⁷
- **Term loans** in which CCA and GEO Group borrow a set amount from a set of banks that must be repaid on an agreed-upon schedule. When CCA signed the term loan agreement in October 2015, the principal was \$100 million.¹⁸ As of June 2016, CCA had paid \$2.5 million of the loan.¹⁹ When GEO Group signed the term loan agreement in August 2014, the principal was \$296,250,000.²⁰ As of June 2016, GEO Group had paid down the loan to \$291 million.²¹
- **Bonds** in which CCA and GEO Group issue a series of notes in exchange for money. The two companies work with a syndicate of banks that underwrite the bonds, meaning the banks buy all the notes, which they resell to institutional investors, municipalities, endowments, and others. CCA and GEO Group then repay the bonds by their maturity date. As of June 2016, CCA had issued \$925 million of bonds and GEO had issued \$1.15 billion.²²

In 2015, CCA paid \$49.7 million and GEO Group paid \$106.1 million in payments related to interest on their debts.²³ GEO Group's filings with the SEC from December 2015 estimated that the company would pay \$1 billion in future interest payments on its debt.²⁴

^{§§} Note: CCA's and GEO Group's SEC filings refer to each company's "revolving credit facility." Elsewhere in the report, each company's "revolving credit facility" is referred to as its "revolving credit."

Table 1: CCA owes \$1.5 billion in debt (as of June 30, 2016)²⁵

Type of Debt	Loan Date	Maturity Date	Amount
Term loan	2015	2020	\$97,500,000
Revolving credit	2013/2015	2020	\$444,000,000
4.125% bonds	2013	2020	\$325,000,000
5.0% bonds	2015	2022	\$250,000,000
4.625% bonds	2013	2023	\$350,000,000
Total	\$1,466,500,000		

Note: The revolving credit's loan date is expressed as "2013/2015" because the original revolving credit agreement (from 2013) was amended (in 2015).

Table 2: GEO Group owes \$1.9 billion in debt (as of June 30, 2016)²⁶

Type of Debt	Loan Date	Maturity Date	Amount
Term loan	2014/2016	2020	\$291,000,000
Revolving credit	2014/2016	2021	\$450,000,000
5.875% bonds	2013	2022	\$250,000,000
5.125% bonds	2013	2023	\$300,000,000
5.875% bonds	2014	2024	\$250,000,000
6.0% bonds	2016	2026	\$350,000,000
Total	\$1,891,000,000		

Note: This table excludes non-recourse debt and other debts that GEO Group includes in its financial statements. The company's total debt is \$2,268,940,000 and the company's long-term debt is \$1,869,281,000. The term loan's and revolving credit's loan dates are expressed as "2014/2016" because the original agreements (from 2014) were amended (in 2016).

Each of the next three subsections reviews banks' involvement in a different type of debt: revolving credit loans, term loans, and bonds.

Private prison companies rely on revolving credit

As of June 2016, a syndicate of 10 banks had loaned CCA a combined \$444 million through the company's revolving credit, which totaled \$900 million. The 10 banks contributed different amounts of the \$444 million based on the percentage of credit each bank had agreed to extend. Since SunTrust, Bank of America, Wells Fargo, and JPMorgan Chase each extended 14.7 percent of the \$900 million credit, each of the four banks supplied 14.7 percent, or \$65.4 million, of the \$444 million. (See Table 3.) The syndicate of banks extended the revolving credit to CCA in July 2015 and agreed that CCA can take out loans from the credit through July 2020.²⁷ As of June 30, 2016, the weighted average interest rate for CCA's loans under its revolving credit was 2.0 percent.²⁸ (For more details on the interest rate, see the subsection of this report titled "Banks Profit from Private Prison Companies' Revolving Credit and Term Loans.")

Table 3: Ten banks have loaned CCA \$444 million through the company's revolving credit
(as of June 30, 2016)²⁹

Bank	Loan (millions)	Line of Credit (millions)	Commitment Percentage
SunTrust	\$65.4	\$132.5	14.7%
Bank of America	\$65.4	\$132.5	14.7%
Wells Fargo	\$65.4	\$132.5	14.7%
JPMorgan Chase	\$65.4	\$132.5	14.7%
PNC	\$44.4	\$90.0	10.0%
U.S. Bank (owned by U.S. Bancorp)	\$39.5	\$80.0	8.9%
Regions	\$37.0	\$75.0	8.3%
Citizens Bank of Pennsylvania	\$32.1	\$65.0	7.2%
First Tennessee	\$17.3	\$35.0	3.9%
Pinnacle	\$12.3	\$25.0	2.8%
Total	\$444.0	\$900.0	100%

Note: "Commitment Percentage" is proportion of the total revolving credit that each bank has agreed to extend.

One bank in particular, Bank of America, as CCA's administrative agent, has been instrumental in both securing the revolving credit and providing loans through the credit. When CCA decided that it needed to increase its line of credit to \$900 million (CCA's prior line of credit was \$785 million), Bank of America brought the other banks together and negotiated the specifics of the 114-page credit agreement.³⁰ Additionally, when CCA draws from the credit, Bank of America acts as a go-between for the company and other banks. For conventional loans, CCA first requests a sum of money from Bank of America, which then collects the funds from the banks and wires the money to CCA.³¹ For swingline loans, which have short terms, Bank of America loans the money directly to CCA and then is reimbursed by the nine other lenders.³²

Bank of America, along with Wells Fargo, also agreed in the revolving credit agreement to issue letters of credit on behalf of CCA. As the "issuing lenders," these two banks allow CCA to conduct certain business transactions without first setting money aside, since the letters of credit guarantee that the banks will pay if CCA reneges.³³ These letters of credit save money or generate revenue for CCA as the funds the company would need to set aside can now be invested elsewhere. As of June 2016, the banks had issued letters of credit worth \$10.3 million on behalf of CCA to cover the fees and claims under the company's self-insured workers' compensation plan if CCA does not pay.³⁴

How big are the lines of credit banks have extended to CCA and GEO Group?

CCA's and GEO Group's \$900 million lines of credit are large enough to fund most types of the companies' expenses.³⁵ A useful point of comparison is the number of months for which CCA and GEO Group could cover their operating expenses relying solely on their revolving credit. In 2015, CCA's and GEO Group's total operating expenses were \$1.5 billion and \$1.6 million respectively. If CCA were to pay for its expenses using all the company's revolving credit, CCA could have funded its operations for seven months and four days. If GEO Group were to pay for its expenses using all the company's revolving credit, GEO Group could have funded its operations for six months and 22 days.³⁶

As of June 2016, a syndicate of at least six banks—BNP Paribas, Bank of America, Barclays, JPMorgan Chase, SunTrust, and Wells Fargo—has loaned GEO Group \$450 million through the company's revolving credit.³⁷ Each bank's contribution to the \$450 million is based on the banks' credit commitments recorded in the agreement's lender addendums, which are not publicly available.³⁸ The line of credit was originally \$700 million, but the banks agreed to extend it to \$900 million in May 2016.³⁹ When the line of credit was extended, GEO Group's loans under its revolving credit had an interest rate of the London Interbank Offered Rate (LIBOR) plus 2.25 percent.⁴⁰ (For more details on the interest rate, see the subsection of this report titled "Banks Profit from Private Prison Companies' Revolving Credit and Term Loans.")

BNP Paribas is the administrative agent for GEO Group's revolving credit. Similar to the role Bank of America played as administrative agent for CCA's revolving credit, BNP Paribas brought the other banks together and crafted the credit agreement with GEO Group. Similarly, when GEO Group draws on its credit, either via a conventional loan or a swingline loan, BNP Paribas coordinates the transfer of money from the syndicate of banks to GEO Group.⁴¹

BNP Paribas along with Bank of America and HSBC have agreed to issue letters of credit on behalf of GEO Group.⁴² As of June 2016, the banks had issued letters of credit to GEO Group worth \$54.2 million part of which were used to guarantee the financing, construction, and operation of the company's facilities in Australia and South Africa.⁴³

Private prison companies rely on term loans

In October 2015, a syndicate of eight banks agreed to give CCA a \$100 million term loan with a maturity date of July 2020.⁴⁴ CCA made a principal payment of \$1.25 million and a corresponding interest payment in each of the first two quarters of 2016, bringing CCA's term loan debt to \$97.5 million as of June 2016.⁴⁵ The banks contributed different amounts to the loan, with Regions Bank contributing the largest portion. As of June 2016, CCA owed Regions Bank \$19.6 million. (See Table 4.) The interest rate is variable. As of June 2016, it was 2.0 percent.⁴⁶ (For more details on the interest rate, see the subsection of this report titled "Banks Profit from Private Prison Companies' Revolving Credit and Term Loans.")

Table 4: Eight banks have loaned CCA \$97.5 million through the company's term loan
(as of June 30, 2016)⁴⁷

Bank	Loan (millions)	Commitment Percentage
Regions	\$19.6	20.1%
Bank of America	\$14.3	14.7%
JPMorgan Chase	\$14.3	14.7%
SunTrust	\$14.3	14.7%
Wells Fargo	\$14.3	14.7%
PNC	\$9.8	10.0%
Citizens Bank of Pennsylvania	\$7.0	7.2%
First Tennessee	\$3.8	3.9%
Total	\$97.5	100%

Note: "Commitment Percentage" is proportion of the total term loan each bank has agreed to lend.

One bank in particular, Bank of America, played a key role in providing the term loan to CCA. As the administrative agent for the term loan, Bank of America played a role similar to which it played as administrative agent for the revolving credit, chiefly bringing together the other banks and negotiating the specifics of the loan agreement.⁴⁸

As of June 2016, GEO Group owed \$291 million through its term loan.⁴⁹ Since GEO Group's term loan agreement is attached to the company's revolving credit agreement, the syndicate of banks involved is similar—BNP Paribas, as the administrative agent, brought together Bank of America, Barclays, SunTrust, Wells Fargo, and possibly other banks to contribute funds for the loan.⁵⁰ Unlike CCA's filings with the SEC, GEO Group's filings do not disclose the dollar value each bank contributed to the loan. The banks' initial term loan to GEO Group in 2013 was for \$300 million, but the company has paid back \$9 million of the principal as of June 30, 2016.⁵¹ The interest rate is variable, but as of June 30, 2016, GEO Group's term loan had an interest rate of LIBOR plus 2.5 percent.⁵² (For more details on the interest rate, see the subsection of this report titled "Banks Profit from Private Prison Companies' Revolving Credit and Term Loans.")

Private prison companies rely on corporate bonds

As of June 2016, CCA had agreements with syndicates of banks to underwrite three sets of corporate bonds totaling \$925 million. (See Table 1.) As underwriters, the banks purchase the bonds from CCA and then resell them to entities such as pension funds, endowments, and other institutional investors.

In September 2015, CCA issued \$250 million of bonds with 5 percent interest due in 2022.⁵³ A syndicate of 10 banks underwrote the bonds, with Wells Fargo underwriting the largest portion, \$42.5 million. (See Table 5.) Over the lifetime of the bonds, CCA will pay \$89 million in interest to the bondholders. (See Table 14.)

Table 5: Ten banks underwrote CCA's 5.0% bonds due in 2022⁵⁴

Bank	Amount Underwritten (millions)
Wells Fargo	\$42.5
Merrill Lynch <i>(owned by Bank of America)</i>	\$40.0
JPMorgan Chase	\$40.0
SunTrust	\$40.0
PNC	\$24.4
U.S. Bancorp	\$21.9
Regions	\$20.0
RBS	\$12.5
FTN <i>(owned by First Tennessee)</i>	\$6.3
Macquarie Capital	\$2.5
Total	\$250

In April 2013, CCA issued two other sets of bonds—one set totaling \$325 million due in 2020 with an interest rate of 4.125 percent, and another set totaling \$350 million due in 2023 with an interest rate of 4.625 percent.⁵⁵ CCA's SEC filings show that the same syndicate of 13 banks underwrote both sets of bonds but do not show the proportion of the bonds each bank agreed to underwrite. These 13 banks were:

- Merrill Lynch (owned by Bank of America);
- JPMorgan Chase;
- SunTrust;
- Wells Fargo;
- PNC;
- U.S. Bancorp;
- HSBC;
- BB&T;
- RBS;
- Fifth Third;
- Barclays;
- Avondale Partners; and
- Macquarie Capital.⁵⁶

One bank in particular, U.S. Bancorp, as the trustee, has been instrumental in enabling CCA to issue the bonds. Bond buyers require corporations that issue bonds to designate a trustee that protects the bond buyers' interests. In this role, U.S. Bancorp ensures that CCA complies with the terms of the bond agreement, such as paying the interest as scheduled, and attempts to recoup funds for the bond buyers if CCA defaults.⁵⁷ U.S. Bancorp is the trustee for all three sets of CCA's bonds.⁵⁸

As of June 2016, GEO Group had agreements with syndicates of banks to underwrite four sets of corporate bonds totaling \$1.15 billion. (See Table 2.) GEO Group issued its most recent set of bonds, totaling \$350 million, in April 2016. These bonds have a 6 percent interest rate and a 2026 due date.⁵⁹ A syndicate of 10 banks underwrote these bonds, with Wells Fargo and SunTrust underwriting the largest portions, \$70 million each. (See Table 6.) Over the lifetime of the \$350 million bonds, GEO Group will pay \$210 million in interest to the bondholders. (See Table 15.)

Table 6: Ten banks underwrote GEO Group's 6.0% bonds due in 2026⁶⁰

Bank	Amount Underwritten (millions)
Wells Fargo	\$70.0
SunTrust	\$70.0
Merrill Lynch (owned by Bank of America)	\$49.0
Barclays	\$49.0
JPMorgan Chase	\$42.0
BNP Paribas	\$24.5
HSBC	\$14.0
Fifth Third	\$10.5
Regions	\$10.5
TD	\$10.5
Total	\$350.0

In September 2014, GEO Group issued a set of bonds totaling \$250 million that had a 5.875 percent interest rate and a 2024 due date.⁶¹ Eight banks came together to underwrite these bonds, with Merrill Lynch, owned by Bank of America, and Barclays underwriting the largest portions, \$48.1 million each. (See Table 7.) Over the lifetime of the \$250 million bonds, GEO Group will pay \$148 million in interest to the bondholders. (See Table 15.)

Table 7: Eight banks underwrote GEO Group's 5.875% bonds due in 2024⁶²

Bank	Amount Underwritten (millions)
Merrill Lynch <i>(owned by Bank of America)</i>	\$48.1
Barclays	\$48.1
SunTrust	\$43.8
JPMorgan Chase	\$31.3
Wells Fargo	\$31.3
BNP Paribas	\$18.8
HSBC	\$18.8
TD	\$10.0
Total	\$250.0

In October 2013, GEO Group issued a set of bonds totaling \$250 million with an interest rate of 5.875 percent and a due date of 2022.⁶³ In March 2013, GEO Group issued a set of bonds totaling \$300 million with an interest rate of 5.125 percent and a due date of 2023.⁶⁴ GEO Group's SEC filings do not show the banks that underwrote these two sets of bonds, however records show that Wells Fargo is the representative of the initial purchasers for the 5.875% bonds and Merrill Lynch, owned by Bank of America, is the representative of the initial purchasers for the 5.125% bonds.⁶⁵ While the Public Interest could not determine Wells Fargo's and Merrill Lynch's duties as initial purchasers, the banks likely helped facilitate the sale of the bonds to the buyers.

Wells Fargo is the trustee for GEO Group's four sets of bonds, and plays a similar role that U.S. Bancorp plays as the trustee for CCA's bonds, namely enforcing the bond agreements.⁶⁶

As discussed earlier, underwriters sell the notes to institutional investors, endowments, pensions, municipalities, and others in secondary markets. Once sold by the underwriters, the bonds can change hands any day, as the entities that hold the bonds can resell them at any time. Out of CCA's and GEO Group's bondholders that are publicly known, JPMorgan Chase, through its subsidiaries such as JP Morgan Investment Management, held the largest share of both CCA's and GEO Group's bonds—\$89 million (9.6 percent of all bonds) and \$77 million (6.7 percent of all bonds) respectively as of 14 October 2016. (See Tables 8 and 9.)

Table 8: Twenty-five investors hold one-third of CCA bonds⁶⁷

Rank	Bond Holder	Value of Bonds Held (<i>millions</i>)	Percent of All Bonds
1	JP Morgan Investment Management	\$52.2	5.64%
2	New York Life Insurance Company	\$30.9	3.34%
3	JP Morgan Investment Mgmt	\$30.5	3.29%
4	New York Life Insurance & Annui	\$30.4	3.28%
5	Nationwide Life Insurance Compa	\$28.0	3.03%
6	Putnam Investment Management	\$16.7	1.80%
7	Oppenheimer Funds Inc	\$14.7	1.59%
8	Northwestern Mutual Life Insur	\$11.0	1.19%
9	Genworth Life Ins Co	\$10.3	1.11%
10	Robeco Luxembourg S.A.	\$9.5	1.02%
11	Travelers Indemnity Company	\$9.0	0.97%
12	UBS Strategy Fund Mgmnt Company	\$7.2	0.78%
13	Fidelity Management & Research	\$7.0	0.75%
14	Thrivent Financial For Lutheran	\$6.3	0.68%
15	Mackenzie Financial Corporation	\$6.3	0.68%
16	Thrivent Financial Lutherans	\$6.1	0.66%
17	Pimco Funds Global Investors	\$5.6	0.61%
18	IG Investment Management Limite	\$5.2	0.57%
19	New York Life Investment Mgt	\$5.2	0.56%
20	Payden & Rygel	\$5.1	0.55%
21	Blackrock Advisors LLC	\$5.0	0.54%
22	Nationwide Mutual Insurance Co	\$5.0	0.54%
23	JPMorgan Asset Management	\$4.9	0.52%
24	Advent Capital Management	\$4.3	0.47%
25	SEI Investments Fund Management	\$4.3	0.47%

Note: Many of the bondholders are subsidiaries of parent companies, some of which also hold bonds. For example, JP Morgan Investment Management (in the first row) is a subsidiary of JP Morgan Asset Management (in the twenty-third row). Some of the bondholders are subsidiaries of parent companies that have numerous subsidiaries with similar names. For this reason, the bondholders' names in this table are as they appear in the source (Bloomberg Terminal's database), even for names that appear to have been truncated (e.g., "Nationwide Life Insurance Compa" in the fifth row). Additionally for this reason, in the Public Interest did not combine the data for bond holders with names that appear to be the same (e.g., "JP Morgan Investment Management" in the first row and "JP Morgan Investment Mgmt" in the third row).

Table 9: Twenty-five investors hold one-third of GEO Group bonds⁶⁸

Rank	Bond Holder	Value of Bonds Held (<i>millions</i>)	Percent of All Bonds
1	JP Morgan Investment Management	\$49.0	4.26%
2	Muzinich & Co Inc	\$32.8	2.85%
3	Blackrock Advisors LLC	\$30.9	2.69%
4	JP Morgan Investment Mgmt	\$25.8	2.24%
5	New York Life Insurance Company	\$23.6	2.05%
6	Metropolitan Life Insurance Co	\$20.1	1.75%
7	Northwestern Mutual Life Insur	\$19.5	1.70%
8	Delaware Management Company	\$18.9	1.65%
9	Hotchkis & Wiley Capital Mgmt	\$17.7	1.54%
10	New York Life Insurance & Annui	\$17.4	1.51%
11	SEB Asset Management SA	\$14.3	1.24%
12	Pacific Investment Management C	\$12.8	1.11%
13	Nordea Investment Funds	\$11.8	1.03%
14	Guggenheim Capital LLC	\$11.6	1.01%
15	Allstate Life Insurance Company	\$11.5	1.00%
16	SEI Investments Fund Management	\$10.3	0.89%
17	New York Life Investment Mgt	\$9.6	0.84%
18	Rebeco Luxembourg S.A.	\$9.5	0.82%
19	Wells Fargo Funds Management LL	\$9.4	0.81%
20	Fidelity Management & Research	\$9.2	0.80%
21	Allstate Insurance Companies	\$8.6	0.74%
22	Bankers Life & Casualty Company	\$8.3	0.72%
23	Blackrock Group Limited	\$7.7	0.67%
24	Legg Mason Partners Fund Adviso	\$7.3	0.63%
25	Nuveen Fund Advisors LLC	\$6.8	0.59%

Note: Many of the bondholders are subsidiaries of parent companies, some of which also hold bonds. For example, New York Life Insurance & Annuity (in the tenth row) is a subsidiary of New York Life Insurance Company (in the fifth row). Some of the bondholders are subsidiaries of parent companies that have numerous subsidiaries with similar names. For this reason, the bondholders' names in this table are as they appear in the source (Bloomberg Terminal's database), even for names that appear to have been truncated (e.g., "Northwestern Mutual Life Insur"). Additionally for this reason, In the Public Interest did not combine the data for bond holders with names that appear to be the same (e.g., "JP Morgan Investment Management" in the first row and "JP Morgan Investment Mgmt" in the fourth row).

Six banks finance most private prison company debt

Six banks—Bank of America, JPMorgan Chase, BNP Paribas, SunTrust, U.S. Bancorp, and Wells Fargo—have played large roles in extending revolving credit to CCA and GEO Group, providing the two companies with term loans, and allowing the two companies to issue bonds. These six banks have extended larger lines of credit, given larger term loans, and underwrote more bonds than have other banks. These six banks also play key roles in the agreements, such as being the administrative agent for the revolving credit or the trustee for the bond offering.

The tables in Appendix A present details of the involvement of these six banks in financing CCA's and GEO Group's debts. Key findings from the tables about CCA's and GEO Group's debts that were current as of June 30, 2016 are listed here:

Bank of America

- Administrative agent, swingline lender, and issuing lender for the syndicate of banks that loaned CCA \$444 million through the company's \$900 million in revolving credit.
- Administrative agent for the syndicate of banks that loaned CCA \$97.5 million through a term loan.
- Loaned CCA \$80 million.
- Part of the syndicate of banks that loaned GEO Group \$741 million.
- Underwrote at least \$138 million of CCA's and GEO Group's bonds.

BNP Paribas

- Administrative agent for the syndicate of banks that loaned GEO Group \$450 million through the company's \$900 million in revolving credit.
- Administrative agent for the syndicate of banks that loaned GEO Group \$291 million through a term loan.
- Underwrote at least \$43 million of GEO Group's bonds.

JPMorgan Chase

- Loaned CCA \$80 million.
- Part of a syndicate of banks that loaned GEO Group \$450 million.
- Underwrote at least \$113 million of CCA's and GEO Group's bonds.
- Held \$166 million of CCA's and GEO Group's bonds as of October 14, 2016.

SunTrust

- Loaned CCA \$80 million.
- Part of a syndicate of banks that loaned GEO Group \$741 million.
- Underwrote at least \$154 million of CCA's and GEO Group's bonds.

U.S. Bancorp

- Loaned CCA \$39 million.
- Trustee for all of CCA's bond offerings.
- Underwrote at least \$22 million of CCA's bonds.

Wells Fargo

- Loaned CCA \$80 million.
- Part of a syndicate of banks that loaned GEO Group \$741 million.
- Trustee for all four of GEO Group's bond offerings.
- Underwrote at least \$144 million of CCA's and GEO Group's bonds.

SECTION 4

Debt financing enables private prison companies to maintain and expand their control of the criminal justice and immigration enforcement systems

CCA and GEO Group use the debt financing from Wall Street banks to purchase smaller companies and pay for day-to-day business activities. In this way, the banks enable CCA and GEO Group to operate their businesses and expand their control of the criminal justice system and immigration enforcement systems. The following subsections provide details on how CCA and GEO use funds from their credit, loans, and bonds.

Debt financing enables private prison companies to purchase smaller companies

In recent years, GEO Group has acquired several companies that either manage prisons or provide electronic monitoring for probation, community corrections, and pretrial programs. GEO Group relied on loans to finance acquisition of eight of the nine companies purchased since 2005. The price tag for the eight companies GEO Group purchased with debt financing totaled \$2 billion.⁶⁹

Most recently, GEO Group used loans from five banks in May 2015 to purchase Soberlink, Inc., which provides alcohol monitoring services using mobile devices. GEO Group's filings with the SEC show that it financed the acquisition of Soberlink with loans from its revolving credit. At that time, BNP Paribas was the administrative agent, and Bank of America, Barclays, SunTrust, and Wells Fargo were the lenders for GEO Group's revolving credit.⁷⁰

When GEO Group purchased B.I. Inc., which manages GPS ankle monitoring programs, in February 2011, GEO Group relied on debt from its term loan and bonds. At the time, BNP Paribas was the administrative agent for the term loan, and Wells Fargo, Merrill Lynch, Barclays, JPMorgan Chase, and SunTrust underwrote the bonds.⁷¹

For a list of banks that played roles in financing each of GEO Group's acquisitions since 2005, see Table B-1 in Appendix B.

CCA did not acquire any companies from 2005 to 2012, but since 2013, has acquired three companies that manage residential reentry centers. CCA relied on loans through its revolving credit to finance the acquisition of two of these companies, Correctional Management, Inc., which operated residential reentry centers in Colorado, and Avalon Correctional Services, which operated residential reentry centers in Texas, Oklahoma, and Wyoming. The price tag for these two companies was \$193 million.⁷²

CCA's filings with the SEC show that it financed the acquisition of Correctional Management and Avalon Correctional with loans from its revolving credit. At that time, Bank of America was the administrative agent, and Wells Fargo, SunTrust, JPMorgan Chase, and U.S. Bank (owned by U.S. Bancorp) were among the lenders for CCA's revolving credit.⁷³

For a complete list of banks that played roles in financing CCA's acquisition of Correctional Management and Avalon Correctional, see Table B-2 in Appendix B.

The banks that give loans to CCA and GEO Group directly profit when the private prison companies use debt to finance the acquisition of other companies. GEO Group's filings with the SEC quantify the payments banks receive when the private prison company finances the acquisition of other companies with debt. By December 2015, GEO Group had paid its lenders \$6.8 million in interest for the debt incurred from the acquisition of LCS Corrections Services in February of that year.⁷⁴ By December 2015, GEO Group had also paid its lenders \$1.2 million in interest for the debt incurred from the acquisition of Soberlink in May of that year.⁷⁵

The loans banks gave CCA and GEO Group have been instrumental in allowing the companies to expand their control of the country's criminal justice and immigration enforcement systems. Specifically, the loans given to CCA that allowed it to acquire residential reentry center companies and the loans given to GEO Group that allowed it to acquire electronic monitoring companies have enabled CCA and GEO Group to provide corrections and immigration services for people who are not incarcerated in facilities.

By purchasing residential reentry and ankle monitoring companies, CCA and GEO Group are positioned to receive new business as states and the federal government repeal "tough on crime" policies and implement policies focused on community corrections.⁷⁶ CCA and GEO Group are also positioned to receive new business if immigration authorities replace detention policies with surveillance policies. In April 2016, GEO Group Vice President Ann Schlarb told investors that GEO Group believes "that the emphasis on offender rehabilitation and community reentry programs as part of criminal justice reform will create growth opportunities for our company."⁷⁷

The purchased companies have brought millions of dollars of new revenue to GEO Group and CCA. Cornell Companies, which was purchased in August 2010, generated an additional \$180 million for GEO Group in 2011.⁷⁸ CCA estimated that purchasing Avalon in October 2015 would generate an additional \$35-\$40 million in annual revenues.⁷⁹

Debt financing enables private prison companies to operate with little cash on hand

The syndicate of banks that has extended revolving credit to CCA and GEO Group has provided a way for the private prison companies to pay for day-to-day expenses under a business model with favorable tax treatment but limited cash flow.

To take advantage of low tax rates, in 2012 and 2013 GEO Group and CCA, respectively, converted their corporate structures to real estate investment trusts (REITs).⁸⁰ As REITs, GEO Group and CCA pay a fraction of the income tax they would otherwise need to pay. In 2015, GEO Group paid \$1.5 million in federal income taxes and \$1.4 million in state income taxes and received a \$42.5 million REIT tax benefit.⁸¹

Federal law requires REITs to pass on 90 percent of taxable income to shareholders.⁸² As a result, CCA and GEO Group have little cash on hand to pay for their day-to-day expenses, such as overhead costs at prisons, compensation for staff, and costs to market empty facilities. To ensure they can cover these expenses without a cash reserve in the bank, CCA and GEO Group rely on revolving credit, in which they can borrow money on any day so long as the total amount borrowed does not surpass the agreed-upon limit.

Other ways private prison companies rely on debt financing

In addition to using revolving credit, term loans, and bonds to purchase smaller companies and pay for day-to-day business expenses, CCA and GEO Group also use debt financing to build new prisons. While the companies do not disclose how they finance the construction of individual facilities, their filings with the SEC show that for some new facilities, they use loans from banks as well as funds from bonds offerings.⁸³

One of the most common uses for CCA's and GEO Group's debts, according to the companies' SEC filings, is to pay back old debt, often to refinance at a lower rate or extend the maturity of their debt. For example, in 2013 GEO Group issued a set of bonds with an interest rate of 5.875 percent and a due date of 2022 to buy back a set of older bonds that had an interest rate of 7.75 percent and a due date of 2017. The net effect of the bond offering was to lower GEO Group's interest rate on its debt by 1.875 percent and extend the due date by five years.⁸⁴

SECTION 5

Banks profit from private prison companies' debts

Wall Street banks that provide loans and underwrite bonds for private prison companies profit from interest and fees.^{***} Since CCA and GEO Group collect their revenue from government contracts, which the companies use to service their debt, the interest and fees paid to banks are taxpayer dollars. CCA's and GEO Group's filings with the SEC show that in 2015, the two companies made payments related to interest totaling \$49.1 million and \$106.1 million, respectively. (See Table 10.) CCA's filings also show that the company's weighted average effective interest rate was 3.9 percent.⁸⁵ GEO Group's filings also estimate that the company will pay \$1 billion in future interest payments on its debt.⁸⁶ CCA's and GEO Group's financial disclosure forms do not disclose specifics on the total amount of fees paid to these banks.

Table 10: Private prison companies pay millions in interest for debt⁸⁷

Company	Payments related to interest for first half of 2016 (millions) ⁸⁸	Payments related to interest for 2015 (millions) ⁸⁹
CCA	\$34.3	\$49.7
GEO Group	\$60.5	\$106.1

Note: The payments in this table include those CCA and GEO Group make on their debt under their revolving credit, term loans, bonds, and other interest-related costs.

Many banks that provide loans and underwrite bonds for CCA and GEO Group also own shares of the companies or buy shares on behalf of their clients. These banks first profit from the interest and fees they collect from CCA and GEO Group, and then can profit again or reap other benefits if the investments CCA and GEO Group make with the debt cause stock prices to rise or generate dividends.

By collecting fees and interest from the debt, as well as owning or investing their clients' money in shares of CCA and GEO Group, these banks are complicit with the private prison companies in profiting from incarceration.

The following subsections review the ways banks profit from extending revolving credit to CCA and GEO Group, providing the private prison companies with term loans, underwriting the private companies' bonds, and owning the private prison companies' stock.

^{***} The word "profit" in this section refers to generating revenue. It does not necessarily refer to generating revenue in excess of expenses.

Banks profit from private prison companies' revolving credit and term loans

Banks charge CCA and GEO Group different variable interest rates for each loan taken out under the revolving credit.⁹⁰ CCA and GEO Group have some choice over the metrics used to calculate the interest rate, but generally speaking, it is the sum of two rates:

- A base rate based on the London Interbank Offered Rate (LIBOR), the federal funds rate, the administrative agent's prime rate, or other set rates. Banks will often set the base rate using floors (e.g., if LIBOR falls below 0.75 percent, the base rate will be set at 0.75 percent) or increasing the percentages of the set rates (e.g., the base rate will be set at the federal funds rate plus 0.5 percent);⁹¹ and
- An adjustable rate (called the "applicable margin") based on the risk of the loan, as determined by a ratio of debt-to-earnings. When CCA and GEO Group have a high debt-to-earnings ratio, the applicable margin increases. When CCA and GEO Group have a low debt-to-earnings ratio, the applicable margin decreases.⁹²

When the amended credit agreement was signed in May 2016, GEO Group's loans under its revolving credit had an interest rate of LIBOR plus 2.25 percent.⁹³ As of June 30, 2016, the weighted average interest rate for CCA's loans under its revolving credit was 2.0 percent.⁹⁴

Banks use the above summation to set the interest rate for CCA's term loan.⁹⁵ Banks do not use the summation to set the interest rate for GEO Group's term loan, but rather set the interest rate at a high base rate.⁹⁶ As of June 30, 2016, the interest rate for CCA's term loan was 2.0 percent.⁹⁷ GEO Group's term loan has an interest rate of LIBOR plus 2.5 percent (with a LIBOR floor of 0.75 percent).⁹⁸

As of June 30, 2016, GEO Group paid a weighted average interest rate of 2.9 percent for debt under its revolving credit and term loan.⁹⁹

Banks that extend revolving credit to CCA and GEO Group charge the private prison companies a fee if they do not use their entire line of credit. This annual "commitment fee" is a percentage of the daily average unused credit, and it slides on a scale based on the company's ratio of debt-to-earnings. If CCA has a high debt-to-earnings ratio, the banks charge CCA a commitment fee of 0.40 percent.¹⁰⁰ If CCA has a low debt-to-earnings ratio, the banks charge CCA a commitment fee of 0.25 percent.¹⁰¹ Banks charge GEO Group a commitment fee of 0.30 percent for a high debt-to-earnings ratio and 0.25 percent for a low debt-to-earnings ratio.¹⁰² The dollar values of the commitment fees are unknown because, to the best of In the Public Interest's knowledge, the average daily unused credit is unknown.

Banks also charge CCA and GEO Group a fee, called a "commission," for writing letters of credit.¹⁰³ In CCA's case, the commission is equal to a small percentage of the amount available to CCA under the letter. The percentage, which is determined by the applicable margin, varies between 1 percent and 1.75 percent.¹⁰⁴

The banks that are the administrative agents for CCA's and GEO Group's revolving credit—Bank of America and BNP Paribas, respectively—charge the private prison companies fees for fulfilling the administrative duties. Details on these fees are outlined in “fee letters” between CCA and GEO Group and their administrative agents, which, to the best of In the Public Interest’s knowledge, are not available to the public.¹⁰⁵

Banks profit from private prison companies’ bonds

The syndicate of banks that underwrite the bonds for CCA and GEO Group charge the companies commissions, called “underwriting discounts,” for finding investors and reselling the bonds to them. To resell CCA’s 5.0% bonds totaling \$250 million, the underwriting banks charged CCA \$1.9 million, which is 0.75 percent of each note. *(See Table 11.)* To resell GEO Group’s 6.0% bonds totaling \$350 million and 5.875% bonds totaling \$250 million, the underwriting banks charged GEO Group \$5.25 million and \$3.75 million respectively, which is 1.5 percent of each note. *(See Tables 12 and 13.)*

Table 11: The banks that underwrote CCA’s 5.0% bonds (totaling \$250 million) collected over a million dollars in commission¹⁰⁶

Bank	Underwriting Discount
Wells Fargo	\$318,750
Merrill Lynch <i>(owned by Bank of America)</i>	\$300,000
JPMorgan Chase	\$300,000
SunTrust	\$300,000
PNC	\$182,813
U.S. Bancorp	\$164,063
Regions	\$150,000
RBS	\$93,750
FTN <i>(owned by First Tennessee)</i>	\$46,875
Macquarie Capital	\$18,750
Total	\$1,875,000

Table 12: The banks that underwrote GEO Group's 6.0% bonds (totaling \$350 million) collected millions of dollars in commission¹⁰⁷

Bank	Underwriting Discount
Wells Fargo	\$1,050,000
SunTrust	\$1,050,000
Merrill Lynch <i>(owned by Bank of America)</i>	\$735,000
Barclays	\$735,000
JPMorgan Chase	\$630,000
BNP Paribas	\$367,500
HSBC	\$210,000
Fifth Third	\$157,500
Regions	\$157,500
TD	\$157,500
Total	\$5,250,000

Table 13: The banks that underwrote GEO Group's 5.875% bonds (totaling \$250 million) collected millions of dollars in commission¹⁰⁸

Bank	Underwriting Discount
Merrill Lynch <i>(owned by Bank of America)</i>	\$721,875
Barclays	\$721,875
SunTrust	\$656,250
JPMorgan Chase	\$468,750
Wells Fargo	\$468,750
BNP Paribas	\$281,250
HSBC	\$281,250
TD	\$150,000
Total	\$3,750,000

The banks that are the trustees for CCA's and GEO Group's bonds—U.S. Bancorp and Wells Fargo, respectively—charge the private prison companies fees for fulfilling the trustee's duties.¹⁰⁹ To the best of In the Public Interest's knowledge, details on these fees are not available to the public.

The entities that hold CCA's and GEO Group's bonds collect between 4.125 percent and 6.0 percent in interest. Over the lifetime of CCA's \$925 million of bonds, the company will pay bondholders an estimated \$346 million in interest. (See Table 14.) Over the lifetime of GEO Group's \$1.15 billion of bonds, the company will pay bondholders an estimated \$633 million in interest. (See Table 15.)

Table 14: CCA's bondholders collect hundreds of millions of dollars in interest¹¹⁰

	Value of Bond Offering (millions)	Interest Rate	Issue Date	Due Date	Estimated Total Interest Payments (millions)
	\$350	4.625%	April 2013	May 2023	\$163
	\$325	4.125%	April 2013	April 2020	\$94
	\$250	5.00%	September 2015	October 2022	\$89
Total	\$925				\$346

Table 15: GEO Group's bondholders collect hundreds of millions of dollars in interest¹¹¹

	Value of Bond Offering (millions)	Interest Rate	Issue Date	Due Date	Estimated Total Interest Payments (millions)
	\$300	5.125%	March 2013	April 2023	\$154
	\$250	5.875%	October 2013	January 2022	\$121
	\$250	5.875%	September 2014	October 2024	\$148
	\$350	6.0%	April 2016	April 2026	\$210
Total	\$1,150				\$633

Banks profit from private prison companies' stock

Bank of America, JPMorgan Chase, Wells Fargo, and U.S. Bancorp, which play large roles in CCA's and GEO Group's debt financing, also own the private prison companies' stock or invest in the stock on behalf of their clients. (See Appendix A for how the banks are involved with CCA's and GEO Group's debts.) These banks first profit from the interest and fees they collect from CCA's and GEO Group's debt, and then can profit again or reap other benefits if the investments CCA and GEO Group make with the debt cause stock prices to rise or generate dividends. Most notably, as of June 30, 2016, Bank of America owned 7 percent, or \$291 million, of CCA's total shares. (See Table 16.)

Table 16: Wall Street banks own stock in private prison companies *(as of 30 June 2016)*¹¹²

Bank	CCA			GEO Group		
	Value of Shares Invested <i>(thousands)</i>	Number of Shares Invested	Percent of All Shares	Value of Shares Invested <i>(thousands)</i>	Number of Shares Invested	Percent of All Shares
Bank of America	\$290,953	8,308,227	7.07%	\$14,778	432,363	0.58%
JPMorgan Chase	\$17,958	512,799	0.44%	\$18,588	543,819	0.73%
Wells Fargo	\$24,671	704,506	0.60%	\$16,294	476,691	0.64%
U.S. Bancorp	\$652	18,639	0.02%	\$430	12,595	0.02%
Total	\$334,234	9,544,171	8.12%	\$50,090	1,465,468	1.95%

Note: Shares in this table include those held by their clients. The Department of Justice's announcement in August 2016 to end its contracts with private prison companies caused CCA's and GEO Group's stock values to fall from the values listed in this table.¹¹³

SECTION 6

Banks should cease financing private prison companies' debts

Mass incarceration and the criminalization of immigration in the United States have both resulted from and exacerbated economic, racial, and political inequality. For-profit incarceration amplifies these inequalities by creating a perverse incentive for private prison companies to make business decisions that lead to more people behind bars.

Private prison companies depend on debt financing to conduct their day-to-day operations and expand their control of the criminal justice and immigration enforcement systems. Both CCA and GEO Group have acknowledged that their ability to obtain debt financing is critical to maintaining profitability.¹¹⁴

The banks in this report should cease extending revolving credit, awarding term loans, and underwriting bonds for private prison companies and end any existing agreements with the companies as immediately and fully as the law allows. Considering CCA's and GEO Group's high levels of debt (\$1.5 billion and \$1.9 billion, respectively) and low cash flows remaining after dividend payments (approximately \$39 million and \$81 million, respectively for 2016), the private prison companies are unlikely to have the cash on hand to repay their debts when they come due.¹¹⁵ If the banks are unwilling to provide CCA and GEO Group with access to new debt financing to pay back the old debt, the private prison companies will be forced to find other sources of funds, which would significantly disrupt their operations and growth.

Cutting off CCA's and GEO Group's access to debt financing would not only impact CCA's and GEO Group's businesses, allowing the public to retake control and create more just and moral criminal justice and immigration enforcement systems, but also could align with the banks' bottom line and existing protocols. Banks face growing reputational risks for continuing to service the private prison industry. Further, restricting or ceasing these relationships is consistent with these banks' existing corporate social responsibility commitments, and in line with due diligence procedures of the United Nations Guiding Principles on Business and Human Rights.

Until banks choose to do so, their clients and shareholders should cease their own complicity in indirectly supporting the private prison industry and exert pressure on the banks to discontinue providing CCA and GEO Group with debt financing. Not only could exerting pressure on the banks impact CCA's and GEO Group's reputation and operations (if the banks decide to take action), but the pressure could match the clients' and shareholders' priorities as well. Endowments, churches, universities and socially responsible investors that are clients and shareholders of these banks may better align their investments with their missions by engaging banks on this issue. Municipalities and states that are clients

and shareholders of these banks are increasingly aware of the costs of doing business with private prison companies as evidenced by the cancelling of contracts. Pension funds that are clients and shareholders of these banks may well serve their pensioners by guiding the banks away from an industry that poses a growing reputational risk to all those involved.

Endowments, churches, universities, socially responsible investors, municipalities, states, pension funds and other clients and shareholders can use tools ranging from shareholder resolutions and engagement to divestment, according to the laws of their jurisdiction. They can encourage banks to adopt contractual language in lending agreements to limit their exposure to the prison industry. Likewise, asset owners can adopt investing policies and proxy voting guidelines consistent with these efforts. Such policies and guidelines can flow down to their asset managers who also have relationships with the financial institutions discussed here.

With a successful, concerted effort, CCA and GEO Group will be unable to use debt financing and continue contributing to and enabling mass incarceration and the criminalization of immigration.

Many companies profit from incarceration

This report focuses on CCA and GEO Group because they are the country's two largest private prison companies and, since they are publicly traded, many data on their debts are publicly available. However, other companies that operate prisons or provide correctional and immigration enforcement services—such as health care, food, money transfer, commissary, probation, prisoner transportation, and prisoner phone and video calls—likely rely on debt financing as well.¹¹⁶ Much has been written about how these companies, to maximize profits, extort and abuse prisoners, exacerbating mass incarceration and the criminalization of immigration.¹¹⁷

Banks considering whether to cease their involvement with CCA and GEO Group should also consider whether to cease their involvement with the other companies that provide services to the criminal justice and immigration enforcement systems. Similarly, clients and shareholders of banks should explore the degree to which their banks support these other companies and consider exerting pressure on the banks to cease financing these companies' debts.

SECTION 7

Methodology and list of sources

In the Public Interest researchers analyzed CCA's and GEO Group's filings in the U.S. Security and Exchange Commission's (SEC) EDGAR database to collect information on the private prison companies' debts.

Researchers used CCA's and GEO Group's quarterly reports (10-Q) for the period ended 30 June 2016 and annual reports (10-K) for years 2007-2015 to determine which debts the companies held and some details on the debts. Both the quarterly and annual reports have sections that discuss debts.

Researchers also analyzed debt agreements and other pertinent filings for each revolving credit facility, term loan, and bond offering, which are exhibits of current forms (8-K). To locate these current forms, researchers used the exhibits filed as part of the annual reports, which referenced the date each current form was filed that had an exhibit with a filing on debt.

Researchers also located the prospectuses for CCA's and GEO Group's bond offerings by conducting a search for CCA's and GEO Group's 424 forms in the EDGAR database.

List of SEC filings used as sources

CCA's and GEO Group's filings related to their debts are listed below. The filings are listed by date so they can be located in the EDGAR database.

CCA's revolving credit and term loan filings

- 6 October 2015: Third Amendment and Incremental Term Loan Agreement
- 22 July 2015: Second Amendment to Amended and Restated Credit Agreement
- 22 March 2013: First Amendment to Amended and Restated Credit Agreement
- 6 January 2012: Amended and Restated Credit Agreement
- 19 May 2009: Amendment No. 1 to Credit Agreement
- 21 December 2007: Credit Agreement
- 3 February 2006: Credit Agreement

CCA's bond filings

- 5.00% bonds due 2022 (\$250 million)
 - 15 May 2015: Prospectus Supplement (includes Prospectus)
 - 21 September 2015: Underwriting Agreement
 - 21 September 2015: press release
 - 25 September 2015: Indenture
 - 25 September 2015: First Supplemental Indenture

- 4.125% bonds due 2020 (\$325 million)
 - 4 April 2013: Indenture
 - 4 April 2013: Registration Rights Agreement
 - 4 April 2013: press release
- 4.625% bonds due 2023 (\$350 million)
 - 4 April 2013: Indenture
 - 4 April 2013: Registration Rights Agreement
 - 4 April 2013: press release
- 7.75% bonds due 2017 (\$465 million)
 - 19 May 2009: Prospectus Supplement (includes Prospectus)
 - 19 May 2009: Underwriting Agreement
 - 19 May 2009: press release
- 6.75% bonds due 2014 (\$150 million)
 - 17 January 2006: Prospectus Supplement (includes Prospectus)
 - 18 January 2006: Underwriting Agreement
 - 23 January 2006: First Supplemental Indenture
- 6.25% bonds due 2013 (\$375 million)
 - 8 March 2005: Purchase Agreement
 - 23 March 2005: Indenture
 - 23 March 2005: Registration Rights Agreement
 - 23 March 2005: press release
- 7.50% bonds due 2011 (two offerings: \$200 million and \$250 million)
 - 30 April 2003: Prospectus Supplement (includes Prospectus)
 - 7 May 2003: Supplemental Indenture
 - 8 August 2003: Second Supplement

GEO Group's revolving credit and term loan filings

- 19 May 2016: Amendment No. 1 to Second Amended and Restated Credit Agreement
- 27 August 2014: Second Amended and Restated Credit Agreement
- 3 April 2013: Amended and Restated Credit Agreement
- 30 August 2012: Series A-3 Incremental Loan Agreement
- 30 August 2012: Amendment No. 3 (to the Credit Agreement)
- 2 May 2011: Amendment No. 2 (to the Credit Agreement)
- 8 February 2011: Amendment No. 1 (to the Credit Agreement)
- 4 August 2010: Credit Agreement
- 4 December 2009: Amendment No. 7 (to the Third Amended and Restated Credit Agreement)

- 14 October 2009: Amendment No. 6 (to the Third Amended and Restated Credit Agreement)
- 5 October 2009: Amendment No. 5 (to the Third Amended and Restated Credit Agreement)
- 26 August 2008: Amendment No. 4 (to the Third Amended and Restated Credit Agreement)
- 2 May 2007: Amendment No. 3 (to the Third Amended and Restated Credit Agreement)
- 13 February 2007: Amendment No. 2 (to the Third Amended and Restated Credit Agreement)
- 31 January 2007: Amendment No. 1 (to the Third Amended and Restated Credit Agreement)
- 24 January 2007: Third Amended and Restated Credit Agreement

GEO Group's bond filings

- 6.00% bonds due 2026 (\$350 million)
 - 11 April 2016: Prospectus Supplement (includes Prospectus)
 - 18 April 2016: Second Supplemental Indenture
 - 18 April 2016: press release
- 5.875% bonds due 2024 (\$250 million)
 - 22 September 2014: Prospectus Supplement (includes Prospectus)
 - 22 September 2014: Underwriting Agreement
 - 25 September 2014: First Supplemental Indenture
 - 25 September 2014: press release
- 5.125% bonds due 2023 (\$300 million)
 - 19 March 2013: Registration Rights Agreement
 - 19 March 2013: Indenture
 - 20 March 2013: press release
- 6.625% bonds due 2021 (\$300 million)
 - 10 February 2011: Registration Rights Agreement
 - 10 February 2011: Indenture
 - 11 February 2011: press release
- 7.75% bonds due 2017 (\$250 million)
 - 20 October 2009: Registration Rights Agreement
 - 20 October 2009: Indenture
 - 20 October 2009: press release
- 8.25% bonds due 2013 (\$150 million)
 - 1 July 2003: Purchase Agreement
 - 9 July 2003: Registration Rights Agreement
 - 9 July 2003: Indenture

List of bank names in this report

This report presents data on the banks' involvement in prison companies' debt using the banks' commonly used names instead of their incorporated names. For example, this report uses "Bank of America" instead of "Bank of America Corporation." Additionally, the banks often finance prison companies' debts through the banks' subsidiaries. This report presents this information using the commonly used names of the parent company instead of the names of the subsidiaries. The bullets below are the commonly used names of the banks used in this report. The first set of sub-bullets is names of the parent bank. The second set of sub-bullets is names of banks' subsidiaries that are involved with CCA's and GEO Group's debts. In the Public Interest researchers collected this information from banks' list of subsidiaries filed with the SEC as exhibits of their annual reports (10-K).

- Avondale Partners (name used in report)
 - Avondale Group, LLC (parent company)
 - Avondale Partners, LLC (subsidiary)
- Bank of America (name used in report)
 - Bank of America Corporation (parent company)
 - Bank of America, N.A. (subsidiary)
 - Merrill Lynch, Pierce, Fenner & Smith Incorporated – shortened to "Merrill Lynch" in the report (subsidiary)
- Barclays (name used in report)
 - Barclays Bank PLC (parent company)
 - Barclays Capital Inc. (subsidiary)
- BB&T (name used in report)
 - BB&T Corporation (parent company)
 - BB&T Capital Markets (subsidiary)
- BNP Paribas (name used in report)
 - BNP Paribas (parent company)
 - BNP Paribas Securities Corp (subsidiary)
- Canaccord Genuity (name used in report)
 - Canaccord Genuity Group Inc. (parent company)
- Citizens Bank of Pennsylvania (name used in report)
 - Citizens Financial Group, Inc. (parent company)
 - Citizens Bank of Pennsylvania (subsidiary)
- Fifth Third (name used in report)
 - Fifth Third Bancorp (parent company)
 - Fifth Third Securities, Inc. (subsidiary)
- First Tennessee (name used in report)
 - First Horizon National Corporation (parent company)
 - First Tennessee Bank, National Association (subsidiary)
 - FTN Financial Securities Corp. (subsidiary)

- HSBC (name used in report)
 - HSBC Finance Corporation (parent company)
 - HSBC Securities (USA) Inc. (subsidiary)
- JPMorgan Chase (name used in report)
 - JPMorgan Chase & Co. (parent company)
 - JPMorgan Chase Bank, N.A. (subsidiary)
 - J.P. Morgan Securities LLC (subsidiary)
- Macquarie Capital (name used in report)
 - Macquarie Group Limited
 - Macquarie Capital (USA) Inc. (subsidiary)
- Pinnacle (name used in report)
 - Pinnacle Bancorp Inc. (parent company)
 - Pinnacle Bank (subsidiary)
- PNC (name used in report)
 - The PNC Financial Services Group, Inc. (parent company)
 - PNC Bank, National Association (subsidiary)
 - PNC Capital Markets, LLC (subsidiary)
- RBS (name used in report)
 - The Royal Bank of Scotland Group PLC (parent company)
 - RBS Securities Inc. (subsidiary)
- Regions (name used in report)
 - Regions Financial Corporation (parent company)
 - Regions Bank (subsidiaries)
 - Regions Securities LLC (subsidiary)
- SunTrust (name used in report)
 - SunTrust Banks, Inc. (parent company)
 - SunTrust Bank (subsidiary)
 - SunTrust Robinson Humphrey, Inc. (subsidiary)
- TD (name used in report)
 - The Toronto-Dominion Bank (parent company)
 - TD Securities (USA) LLC (subsidiary)
- U.S. Bancorp (name used in report)
 - U.S. Bancorp (parent company)
 - US Bancorp Investments, Inc (subsidiary)
 - U.S. Bank National Association (subsidiary)
- Wells Fargo (name used in report)
 - Wells Fargo & Company (parent company)
 - Wells Fargo Bank, National Association (subsidiary)
 - Wells Fargo Securities, LLC (subsidiary)

APPENDIX A

The six banks that play large roles in CCA's and GEO Group's debts

Over the course of researching this report, six banks—Bank of America, JPMorgan Chase, BNP Paribas, SunTrust, U.S. Bancorp, and Wells Fargo—stood out as playing especially large roles in financing CCA's and GEO Group's debts. According to the data available, these six banks extended larger lines of credit, gave larger term loans, and underwrote more bonds than did other banks. These six banks also play key roles in the agreements, such as being the administrative agent for revolving credit or the trustee for a bond offering.

The following tables outline the involvement of these six banks in financing CCA's and GEO Group's debts. Data come from an analysis of the sources in this report's "Methodology and List of Sources" section. The "Current Involvement" column lists the ways the banks have allowed CCA and GEO Group to acquire debt through agreements that were active as of June 2016. The "Past Involvement" column lists the ways the banks have allowed CCA and GEO Group to acquire debt through agreements that were not active in June 2016, but have been active at some time in the past 10 years (specifically, since January 24, 2007).

The tables provide a partial view of the six banks' involvement. The data are not comprehensive due to limited information in the records that CCA and GEO Group have disclosed.

Each table includes the involvement of the subsidiaries of the parent company. For example, instances in which Merrill Lynch has underwritten bonds are included in the table on Bank of America because Merrill Lynch is owned by Bank of America.

Table A-1: Bank of America's role in CCA's and GEO Group's debts

Type of Debt	Current Involvement	Past Involvement
Revolving Credit	<ul style="list-style-type: none"> • \$65.4 million loan to CCA • \$132.5 million line of credit to CCA • Administrative agent, swingline lender, and issuing lender for the syndicate of banks that has loaned CCA \$444 million and extended the company a \$900 million line of credit • Part of the syndicate of banks that has loaned GEO Group \$450 million and extended the company a \$900 million line of credit 	<ul style="list-style-type: none"> • Extended a \$118.8 million line of credit to CCA in 2013 • Administrative agent, swingline lender, and issuing lender for the syndicate of banks that extended CCA a \$900 million line of credit in 2013 • Administrative agent, swingline lender, and issuing lender for the syndicate of banks that extended CCA a \$785 million line of credit in 2012 • Administrative agent, swingline lender, and issuing lender for the syndicate of banks that extended CCA a \$450 million line of credit in 2007 • Part of the syndicate of banks that extended a \$150 million line of credit to CCA in 2006
Term Loans	<ul style="list-style-type: none"> • \$14.3 million loan to CCA • Administrative agent for the syndicate of banks that has loaned CCA \$97.5 million • Part of the syndicate of banks that has loaned GEO Group \$291 million 	<ul style="list-style-type: none"> • Unknown
Bonds	<ul style="list-style-type: none"> • Underwrote \$40 million of notes for CCA's offering in 2015 • Part of a syndicate of banks that underwrote \$675 million notes for CCA's two offerings in 2013 • Underwrote \$49 million of notes for GEO Group's offering in 2016 • Underwrote \$48.1 million of notes for GEO Group's offering in 2014 	<ul style="list-style-type: none"> • Underwrote \$105.8 million of notes for CCA's offering in 2009 • Underwrote \$31.5 million of notes for CCA's offering in 2006 • Part of the syndicate of banks that underwrote CCA's bond offering in 2005 totaling \$375 million • Part of the syndicate of banks that underwrote GEO Group's bond offering in 2009 totaling \$250 million

Table A-2: BNP Paribas's Role in CCA's and GEO Group's Debts

Type of Debt	Current Involvement	Past Involvement
Revolving Credit	<ul style="list-style-type: none">• Administrative agent for the syndicate of banks that has loaned GEO Group \$450 million and extended the company a \$900 million line of credit	<ul style="list-style-type: none">• Administrative agent for the syndicate of banks that extended a \$700 million line of credit to GEO Group in 2013• Administrative agent for the syndicate of banks that extended a \$400 million line of credit to GEO Group in 2010• Administrative agent for the syndicate of banks that extended a \$150 million line of credit to GEO Group in 2007
Term Loans	<ul style="list-style-type: none">• Administrative agent for the syndicate of banks that has loaned GEO Group \$291 million	<ul style="list-style-type: none">• Administrative agent for the syndicate of banks that loaned GEO Group \$350 million in 2010• Administrative agent for the syndicate of banks that loaned GEO Group \$365 million in 2007
Bonds	<ul style="list-style-type: none">• Underwrote \$24.5 million of notes for GEO Group's offering in 2016• Underwrote \$18.8 million of notes for GEO Group's offering in 2014	<ul style="list-style-type: none">• Part of the syndicate of banks that underwrote GEO Group's bond offering in 2009 totaling \$250 million• Part of the syndicate of banks that underwrote GEO Group's bond offering in 2003 totaling \$150 million

Table A-3: JPMorgan Chase's Role in CCA's and GEO Group's Debts

Type of Debt	Current Involvement	Past Involvement
Revolving Credit	<ul style="list-style-type: none"> • \$65.4 million loan to CCA • \$132.5 million line of credit to CCA • Part of the syndicate of banks that has loaned GEO Group \$450 million and extended the company a \$900 million line of credit 	<ul style="list-style-type: none"> • Extended a \$118.8 million line of credit to CCA in 2013 • Part of the syndicate of banks that extended a \$785 million line of credit to CCA in 2012 • Part of the syndicate of banks that extended a \$450 million line of credit to CCA in 2007 • Part of the syndicate of banks that extended a \$150 million line of credit to CCA in 2006
Term Loans	<ul style="list-style-type: none"> • \$14.3 million loan to CCA 	<ul style="list-style-type: none"> • Unknown
Bonds	<ul style="list-style-type: none"> • Underwrote \$40 million of notes for CCA's offering in 2015 • Part of a syndicate of banks that underwrote \$675 million notes for CCA's two offerings in 2013 • Underwrote \$42 million of notes for GEO Group's offering in 2016 • Underwrote \$31.3 million of notes for GEO Group's offering in 2014 • Holds \$89 million of CCA's bonds (as of 14 October 2016) • Holds \$77 million of GEO Group's bonds (as of 14 October 2016) 	<ul style="list-style-type: none"> • Underwrote \$105.8 million of notes for CCA's offering in 2009 • Underwrote \$15 million of notes for CCA's offering in 2006 • Part of the syndicate of banks that underwrote CCA's bond offering in 2005 totaling \$375 million • Part of the syndicate of banks that underwrote GEO Group's bond offering in 2011 totaling \$300 million

Table A-4: SunTrust's Role in CCA's and GEO Group's Debts

Type of Debt	Current Involvement	Past Involvement
Revolving Credit	<ul style="list-style-type: none">• \$65.4 million loan to CCA• \$132.5 million line of credit to CCA• Part of the syndicate of banks that has loaned GEO Group \$450 million and extended the company a \$900 million line of credit	<ul style="list-style-type: none">• Extended a \$118.8 million line of credit to CCA in 2013• Part of the syndicate of banks that extended a \$785 million line of credit to CCA in 2012• Part of the syndicate of banks that extended a \$450 million line of credit to CCA in 2007• Part of the syndicate of banks that extended a \$150 million line of credit to CCA in 2006• Part of the syndicate of banks that extended a \$700 million line of credit to GEO Group in 2013
Term Loans	<ul style="list-style-type: none">• \$14.3 million loan to CCA• Part of the syndicate of banks that has loaned GEO Group \$291 million	<ul style="list-style-type: none">• Unknown
Bonds	<ul style="list-style-type: none">• Underwrote \$40 million of notes for CCA's offering in 2015• Part of a syndicate of banks that underwrote \$675 million notes for CCA's two offerings in 2013• Underwrote \$70 million of notes for GEO Group's offering in 2016• Underwrote \$43.8 million of notes for GEO Group's offering in 2014	<ul style="list-style-type: none">• Underwrote \$38.9 million of notes for CCA's offering in 2009• Underwrote \$6.8 million of notes for CCA's offering in 2006• Part of the syndicate of banks that underwrote GEO Group's bond offering in 2011 totaling \$300 million• Part of the syndicate of banks that underwrote GEO Group's bond offering in 2009 totaling \$250 million

Table A-5: U.S. Bancorp's role in CCA's and GEO Group's Debts

Type of Debt	Current Involvement	Past Involvement
Revolving Credit	<ul style="list-style-type: none">• \$39.5 million loan to CCA• \$80 million line of credit to CCA	<ul style="list-style-type: none">• Extended a \$80 million line of credit to CCA in 2013• Part of the syndicate of banks that extended a \$785 million line of credit to CCA in 2012
Term Loans	<ul style="list-style-type: none">• Unknown	<ul style="list-style-type: none">• Unknown
Bonds	<ul style="list-style-type: none">• Trustee for CCA's bond offering in 2015 totaling \$250 million• Underwrote \$21.9 million of notes for CCA's bond offering in 2015• Trustee for CCA's two bond offerings in 2013 totaling \$675 million	<ul style="list-style-type: none">• Trustee for CCA's bond offering in 2009 totaling \$465 million• Trustee for CCA's bond offering in 2006 totaling \$150 million• Trustee for CCA's bond offering in 2005 totaling \$375 million• Trustee for CCA's two bond offerings in 2003 totaling \$450 million

Table A-6: Wells Fargo's role in CCA's and GEO Group's Debts

Type of Debt	Current Involvement	Past Involvement
Revolving Credit	<ul style="list-style-type: none"> • \$65.4 million loan to CCA • \$132.5 million line of credit to CCA • Issuing lender for CCA • Part of the syndicate of banks that has loaned GEO Group \$450 million and extended the company a \$900 million line of credit 	<ul style="list-style-type: none"> • Extended a \$118.8 million line of credit to CCA in 2013 • Part of the syndicate of banks that extended a \$785 million line of credit to CCA in 2012 • Issuing lender for CCA's revolving credit issued in 2012 and 2013 • Part of the syndicate of banks that extended a \$450 million line of credit to CCA in 2007* • Administrative agent, swingline lender, and issuing lender for the syndicate of banks that extended CCA a \$150 million line of credit in 2006* • Part of the syndicate of banks that extended a \$700 million line of credit to GEO Group in 2013
Term Loans	<ul style="list-style-type: none"> • \$14.3 million loan to CCA • Part of the syndicate of banks that has loaned GEO Group \$291 million 	<ul style="list-style-type: none"> • Unknown
Bonds	<ul style="list-style-type: none"> • Resold \$42.5 million of notes as the largest underwriter for CCA's offering in 2015 • Part of a syndicate of banks that underwrote \$675 million notes for CCA's two offerings in 2013 • Underwrote \$70 million of notes for GEO Group's offering in 2016 • Underwrote \$31.3 million of notes for GEO Group's offering in 2014 • Trustee for all four of GEO Group's bond offerings • Holds \$9.4 million of GEO Group's bonds (as of 14 October 2016) 	<ul style="list-style-type: none"> • Underwrote \$105.8 million of notes for CCA's offering in 2009* • Underwrote \$31.5 million of notes for CCA's offering in 2006* • Part of the syndicate of banks that underwrote CCA's bond offering in 2005 totaling \$375 million* • Trustee for GEO Group's bond offering in 2011 totaling \$300 million • Trustee for GEO Group's bond offering in 2009 totaling \$250 million

Note: an asterisk denotes instances in which Wachovia extended the line of credit or underwrote the bonds. In 2008, Wells Fargo purchased Wachovia and assumed its obligations in regard to debt.¹¹⁸

APPENDIX B

The banks that financed CCA's and GEO Group's acquisitions of smaller companies

GEO Group relied on loans to finance the acquisition of eight of the nine companies purchased since 2005. CCA did not purchase any companies from 2005 to 2012, but since 2013, has acquired three companies, with two of the acquisitions being financed with debt.

The two tables below—one for GEO Group and one for CCA—list the banks involved in financing the private prison companies' acquisitions of other companies.

For acquisitions that were financed with revolving credit, the "Banks Involved" column lists banks that extended lines of credit or were the administrative agent. For acquisitions that were financed through a term loan, the "Banks Involved" column lists banks that provided term loans or were the administrative agent. For acquisitions that were financed through bonds, the "Banks Involved" column lists banks that underwrote the bonds or were the trustee for the offering.

To purchase some companies, GEO Group supplemented the debt with cash on hand. For example, GEO Group purchased CentraCore Properties Trust with \$365 million from a term loan and \$63 million in cash on hand.¹¹⁹ While CCA's press releases state that the company used cash from its revolving credit for its acquisitions, CCA might have supplemented the debt with cash on hand.

To the best of In the Public Interest's knowledge, GEO Group's filings with the SEC do not show that it purchased Protocol Criminal Justice with debt financing. Protocol Criminal Justice is included in the table below with "NA" in the relevant cells. CCA's filings with the SEC show that it did not purchase Correctional Alternatives with debt financing. Correctional Alternatives is included in the tables below with an explanation in the relevant cells.

Data for the "Year," "Service," "Purchase Price," and "Type of Debt Used to Finance the Acquisition" come from the source or sources in the endnote attached to each company's name. The "Banks Involved" in each purchase were determined by reviewing CCA's and GEO Group's debt agreements that were active when the company was purchased. For a list of debt agreements, see the "Methodology and list of sources" section.

Table B-1: The banks that financed GEO Group's acquisition of smaller companies

Year	Company Acquired	Service	Purchase Price (millions)	Type of Debt Used to Finance the Acquisition	Banks Involved
2015	Soberlink, Inc. ¹²⁰	Alcohol monitoring	\$24	1. Revolving credit	1. BNP Paribas (administrative agent) 2. Bank of America 3. Barclays 4. SunTrust 5. Wells Fargo
2015	LCS Corrections Services, Inc. ¹²¹	Facility operations	\$307	1. Revolving credit	1. BNP Paribas (administrative agent) 2. Bank of America 3. Barclays 4. SunTrust 5. Wells Fargo
2014	Protocol Criminal Justice, Inc. ¹²²	Call center and case management services for electronic monitoring	\$13	NA	NA
2012	Municipal Corrections Finance L.P. ¹²³	Facility owner	\$27	1. Term loan	1. BNP Paribas (administrative agent)
2011	BI Holding Corporation ¹²⁴	Electronic monitoring	\$415	1. Term loan – \$150.0 million	Term loan: 1. BNP Paribas (administrative agent)
				2. Bonds – 93.3 million ¹²⁵	Bonds: 2. Wells Fargo (trustee) 3. Merrill Lynch (owned by Bank of America) 4. Barclays 5. J.P. Morgan 6. SunTrust Robinson Humphrey
2010	Cornell Companies, Inc. ¹²⁶	Facility operations	\$685 ¹²⁷	1. Revolving credit	1. BNP Paribas (administrative agent)
				2. Term loan	
2009	Just Care, Inc. ¹²⁸	Medical/mental health care	\$38	1. Revolving credit	1. BNP Paribas (administrative agent) 2. Bank of America (syndication agent) 3. Wells Fargo (documentation agent)
2007	CentraCore Properties Trust ¹²⁹	Facility owner	\$428	1. Term loan	1. BNP Paribas (administrative agent)
2005	Correctional Services Corporation ¹³⁰	Facility operations	\$62	1. Term loan	1. BNP Paribas (administrative agent) 2. Bank of America (syndication agent)

Table B-2: The banks that financed CCA's acquisition of smaller companies

Year	Company Acquired	Service	Purchase Price (millions)	Type of Debt Used to Finance Acquisition	Banks Involved
2016	Correctional Management, Inc. ¹³¹	Residential reentry centers	\$35	1. Revolving credit	1. Bank of America (administrative agent) 2. Wells Fargo 3. SunTrust 4. JPMorgan Chase 5. PNC 6. U.S. Bank 7. Regions Bank 8. Citizens Bank of Pennsylvania 9. First Tennessee Bank 10. Pinnacle Bank
2015	Avalon Correctional Services, Inc. ¹³²	Residential reentry centers	\$158	1. Revolving credit	1. Bank of America (administrative agent) 2. Wells Fargo 3. SunTrust 4. JPMorgan Chase 5. PNC 6. U.S. Bank 7. Regions Bank 8. Citizens Bank of Pennsylvania 9. First Tennessee Bank 10. Pinnacle Bank
2013	Correctional Alternatives, Inc. ¹³³	Residential reentry centers	\$36	CCA did not finance the acquisition with debt	NA

REFERENCES

Endnotes

Many of the facts in the body of this report are based on a close reading of the entire source in the citation. The page numbers in the citations, when listed, should serve as guides and starting points that provide some details on the content in the report's body. Other details can be found elsewhere in the source.

Many sources are amendments to debt agreements, which contain first the amendment and then the debt agreement. For this reason, these sources have two sets of page numbers—one set for the amendment and another set for the debt agreement. When needed, the citations that reference these sources state whether the page number refers to the amendment or original agreement.

- ¹ For more information, see In the Public Interest, "Closing the Books: How Government Contractors Hide Public Records," March 2015.
- ² Newt Gingrich, "Newt Gingrich: Alabama Prison Reform Bill the 'Right' Thing to Do," *Right on Crime*, 1 April 2015.
- ³ Jeff Guo, "American has locked up so many black people it has warped our sense of reality," *The Washington Post*, 26 February 2016.
- ⁴ Ben Norton, "Scathing U.N. report: 'Structural racism' endures in U.S., and the government has failed to protect Africa-Americans' rights," *Salon*, 7 October 2016.
- ⁵ In the Public Interest, "How Private Prisons Take Tax Dollars Away from Fixing Our Criminal Justice System," downloaded from www.inthepublicinterest.org/how-private-prisons-take-tax-dollars-away-from-fixing-our-criminal-justice-system, posted on 26 February 2016. While Corrections Corporation of America (CCA) rebranded as "CoreCivic" on 28 October 2016, this report continues to use the name "CCA." For more information see Corrections Corporation of America, "Corrections Corporation of America Rebrands as CoreCivic" (press release), 28 October 2016.
- ⁶ The GEO Group, Inc., "2015 Annual Report," page 28. Also see Corrections Corporation of America, "Form 10-K," for fiscal year ended 31 December 2015, page 3.
- ⁷ Michael Konczal, "Frenzied Financialization," *Washington Monthly*, November/December 2014.
- ⁸ Debbie Gruenstein Bocian, Wei Li, and Keith Ernst, Center for Responsible Lending, "Foreclosures by Race and Ethnicity: The Demographics of a Crisis," 18 June 2010.
- ⁹ Kailey Martinez-Ramage, "Berkeley City Council approves resolution to divest from private prisons," *The Daily Californian*, 26 July 2016.
- ¹⁰ In the Public Interest, "Corrections Corporation of America's Troubling Track Record," 23 February 2016. Also see American Friends Service Committee, "Investigate: The GEO Group Inc.," downloaded from investigate.afsc.org/company/geo-group-inc, 6 November 2016. Also see American Civil Liberties Union, "Warehoused and Forgotten: Immigrants Trapped in Our Shadow Private Prison System," June 2014.
- ¹¹ Donald Cohen, "It's a crime: How private prison companies encourage mass incarceration," *Salon*, 26 June 2016.
- ¹² In the Public Interest, "How Private Prison Companies Increase Recidivism," June 2016.
- ¹³ Anita Mukherjee, "Do Private Prisons Distort Justice? Evidence on Time Served and Recidivism," 15 March 2015.
- ¹⁴ In the Public Interest, "Cutting Corners in America's Criminal Justice System: How Corrections Companies Harm Prisons and Public in Pursuit of Profit," April 2016.
- ¹⁵ In the Public Interest, "Private Prison CEOs Continue to Make Much More than the Correctional Officers that Work for Them," www.inthepublicinterest.org/private-prison-ceos-continue-to-make-much-more-than-the-correctional-officers-that-work-for-them, downloaded on 6 November 2016, posted on 31 March 2016. "22 percent" derived from correctional officers' median salary at private prisons (\$32,290) and corrections officers' median salary at public prisons (\$41,160).
- ¹⁶ While Corrections Corporation of America (CCA) rebranded as "CoreCivic" on 28 October 2016, this report continues to use the name "CCA." For more information see Corrections Corporation of America, "Corrections Corporation of America Rebrands as CoreCivic" (press release), 28 October 2016.
- ¹⁷ CCA: Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 14-15. 49 percent derived from dividing \$444 million (outstanding debt) by \$900 million (revolving credit limit). GEO Group: Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 18-20. 50 percent derived from dividing \$450 million (outstanding debt) by \$900 million (revolving credit limit).
- ¹⁸ CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 14-15.
- ¹⁹ CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14.
- ²⁰ CCA's Second Amendment and Restated Credit Agreement, dated 27 August 2014, page 31.
- ²¹ GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 18-19.
- ²² CCA: Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14. GEO Group: Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 18.
- ²³ CCA: Annual Report (Form 10-K) for period ended 31 December 2015, page 52. GEO Group: Annual Report (Form 10-K) for period ended 31 December 2015, page 86.
- ²⁴ GEO Group's Annual Report (Form 10-K) for period ended 31 December 2015, page 73.

- 25 CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 14-16. Also see CCA's Annual Report (Form 10-K) for period ended 31 December 2015, pages F-27 to F-29.
- 26 GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 18-21. Also see GEO Group's Annual Report (Form 10-K) for period ended 31 December 2015, pages 125-132.
- 27 CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015.
- 28 CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14.
- 29 Commitment percentages and lines of credit: CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, Schedule 1. Total loan: CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 14-15. The loans for each company were derived from the other numbers in the table.
- 30 \$785 million: CCA's Amended and Restated Credit Agreement, dated 6 January 2012. 114-page credit agreement: CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015.
- 31 CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, pages 34-35.
- 32 CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, pages 33-35.
- 33 CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, page 42.
- 34 CCA's Quarterly Report (Form 10-Q) for the period ended 30 June 2016, page 57.
- 35 CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14. Also see GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 18.
- 36 CCA's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 52. Also see GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 86. CCA's and GEO Group's expenses include operating expenses, general and administrative expenses, and depreciation and amortization expenses. The calculations were made assuming CCA and GEO Group incurred operating costs at a steady rate.
- 37 \$450 million: GEO Group's Quarterly Report (Form 10-Q) for the period ended 30 June 2016, page 18. Six banks: GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016. Note: According to the credit agreement, BNP Paribas is the administrative agent and Bank of America, Barclays, JPMorgan Chase, SunTrust, and Wells Fargo are the co-syndication agents. The credit agreement does not include a list of other lenders.
- 38 GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, page 2 (first set of pages for the amendment).
- 39 GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, page 31. Note: When the revolving credit line was \$700 million, JPMorgan Chase was not a lender.
- 40 GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 19.
- 41 GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, pages 43 and 53.
- 42 GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, pages 19, 30, and 43.
- 43 The GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 22.
- 44 CCA's Third Amendment and Incremental Term Loan Agreement, dated 6 October 2015.
- 45 CCA's Third Amendment and Incremental Term Loan Agreement, dated 6 October 2015, pages 43 and 49. Also see CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14.
- 46 CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14.
- 47 Commitment percentages: CCA's Third Amended and Incremental Term Loan Agreement, dated 6 October 2015, Schedule 1. Total loan value: CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14. The values of the loans for each bank were derived from the commitment percentages and the total loan value.
- 48 CCA's Third Amendment and Incremental Term Loan Agreement, dated 6 October 2015.
- 49 GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 18.
- 50 GEO Group's Amended and Restated Credit Agreement, dated 3 April 2013. Also see GEO Group's Second Amended and Restated Credit Agreement, dated 27 August 2014. Note: JPMorgan Chase is excluded from this list, while included on the list of banks that extended revolving credit to CCA, because JPMorgan became a co-syndication agent in May 2016, after original term loan agreement was signed. See GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016.
- 51 \$300 million: GEO Group's Amended and Restated Credit Agreement, dated 3 April 2013, page 75. GEO Group's current term loan debt is \$291 million: GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016. The interest payments are unknown since the interest rate is variable.
- 52 GEO Group's Quarterly Report for period ended 30 June 2016, pages 19 and 60.
- 53 CCA's First Supplemental Indenture (for 5.00% bonds due 2022), dated 25 September 2015.
- 54 CCA's Prospectus Supplement (for 5.00% bonds due 2022), dated 21 September 2015, page S-55. Note: Canaccord Genuity is listed as an underwriter, but underwrote \$0 of the notes.
- 55 CCA's Registration Rights Agreement (for 4.125% bonds due 2020), dated 4 April 2013. Also see CCA's Registration Rights Agreement (for 4.625% bonds due 2023), dated 4 April 2013.
- 56 CCA's Registration Rights Agreement (for 4.125% bonds due 2020), dated 4 April 2013. Also see CCA's Registration Rights Agreement (for 4.625% bonds due 2023), dated 4 April 2013.
- 57 CCA's Indenture (for 5.00% bonds due 2022), dated 25 September 2015, page 22.
- 58 CCA's Annual Report (Form 10-K) for year ended 31 December 2015, Description of Exhibits.
- 59 GEO Group's Current Report (Form 8-K) from 18 April 2016.
- 60 GEO Group's Prospectus Supplement (for 6.00% bonds due 2026) dated 11 April 2014, page S-89.
- 61 GEO Group's Current Report (Form 8-K) from 25 September 2014.
- 62 GEO Group's Prospectus Supplement (for 5.875% bonds due 2024) dated 22 September 2014, page S-94.
- 63 GEO Group's Current Report (Form 8-K) from 3 October 2013.
- 64 GEO Group's Current Report (Form 8-K) from 19 March 2013.
- 65 Wells Fargo: GEO Group's Registration Rights Agreement (for 5.875% bonds due 2022) dated 3 October 2013. Merrill Lynch: GEO Group's Registration Rights Agreement (for 5.125% bonds due 2023) dated 19 March 2013.

- ⁶⁶ GEO Group's Indenture (for 5.125% bonds due 2023) dated 19 March 2013. Also see GEO Group's Indenture (for 5.875% bonds due 2022) dated 3 October 2013. Also see GEO Group's Second Supplemental Indenture (for 6.00% bonds due 2026) dated 18 April 2016. Also see GEO Group's First Supplemental Indenture (for 5.875% bonds due 2024) dated 25 September 2014.
- ⁶⁷ Data come from Bloomberg Terminal database on 14 October 2016.
- ⁶⁸ Data come from Bloomberg Terminal database on 14 October 2016.
- ⁶⁹ For sources, see Appendix B. To purchase some companies, GEO Group supplemented the debt with cash on hand.
- ⁷⁰ For sources, see Appendix B.
- ⁷¹ For sources, see Appendix B.
- ⁷² For sources, see Appendix B. To purchase these companies, CCA might have supplemented the debt with cash on hand.
- ⁷³ For sources, see Appendix B.
- ⁷⁴ GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 62.
- ⁷⁵ GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 62.
- ⁷⁶ Families Against Mandatory Minimums, "Recent State-Level Reforms to Mandatory Minimum Laws, downloaded from famm.org/wp-content/uploads/2013/08/FS-List-of-State-Reforms-2.25.pdf, 7 November 2016. Also see "What You Need to Know About the New Federal Prisoner Release," *The Marshall Project*, 29 October 2015.
- ⁷⁷ Quote: The GEO Group, Inc., "The GEO Group's (GEO) CEO George Zoley on Q1 2016 Results – Earnings Call Transcript," 28 April 2016. Vice president: The GEO Group, Inc., "Management Team," downloaded from www.geogroup.com/management_team, 20 October 2016.
- ⁷⁸ GEO Group's Annual Report (Form 10-K) for fiscal year ended 1 January 2012, pages 58-59. \$180 million is the sum of the increase in revenues for the company's "U.S. Corrections & Detention" branch and "GEO Care" branch (\$86.6 and \$93.1 million respectively).
- ⁷⁹ Corrections Corporation of America, "Third Quarter 2015 Investor Presentation," November 2015, page 9.
- ⁸⁰ CCA: CCA, "What the REIT Really Means" (press release), 20 May 2013. GEO Group: GEO Group, "GEO World" (magazine), first quarter, 2013.
- ⁸¹ GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 142. Note: GEO Group paid \$4.5 million in foreign income taxes.
- ⁸² Mike Ludwig, "How Private Prison Companies Use Big Tax Breaks and Low Wages to Maximize Profit" *Truthout*, 8 April 2016.
- ⁸³ GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 7.
- ⁸⁴ The GEO Group, Inc., "The GEO Group, Inc. Closes \$250 Million Offering of Senior Unsecured Notes Due 2022 at 5%%" (press release), 3 October 2013.
- ⁸⁵ CCA's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 81.
- ⁸⁶ GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 73.
- ⁸⁷ For sources, see the column headings in the table.
- ⁸⁸ CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 2 ("Interest expense, net"). Also see GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 3 ("Interest expense").
- ⁸⁹ CCA's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 52 ("Interest expense, net"). Also see GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, page 86 ("Interest Expense").
- ⁹⁰ CCA: CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, page 46. GEO Group: GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, page 68.
- ⁹¹ GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, pages 2 (second set of pages for the credit agreement) and 21.
- ⁹² CCA: CCA's Second Amendment to Amended and Restated Credit Agreement (22 July 2015), pages 2 (second set of pages for the credit agreement) and 46. GEO Group: GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, pages 3 (second set of pages for the credit agreement) and 68.
- ⁹³ GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 19.
- ⁹⁴ Corrections Corporation of America's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14.
- ⁹⁵ CCA's Third Amendment and Incremental Term Loan Agreement, dated 6 October 2016, page 48.
- ⁹⁶ GEO Group's Second Amended and Restated Credit Agreement, dated 27 August 2014, page 3. Technically, the interest for GEO Group's term loan is the summation of a base rate and an applicable rate, but the applicable rate is set by the type of base rate, not the debt-to-earnings ratio.
- ⁹⁷ CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 14.
- ⁹⁸ GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 19.
- ⁹⁹ GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, page 20.
- ¹⁰⁰ CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, page 2 (second set of pages for the credit agreement).
- ¹⁰¹ CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, page 2 (second set of pages for the credit agreement).
- ¹⁰² GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, page 3 (second set of pages for the credit agreement).
- ¹⁰³ CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, page 43. Also see GEO Group's Amendment No. 1 to Second Amended and Restated Credit Agreement, dated 19 May 2016, page 67.
- ¹⁰⁴ CCA's Second Amendment to Amended and Restated Credit Agreement, dated 22 July 2015, page 43.
- ¹⁰⁵ CCA's Amended and Restated Credit Agreement, dated 6 January 2012, page 44. Also see GEO Group's Second Amended and Restated Credit Agreement, dated 27 August 2014, page 110. Note, GEO Group's credit agreement uses the term "letter with respect to fees" instead of "fee letter."
- ¹⁰⁶ CCA's Prospectus Supplement (for 5.00% bonds due 2022), dated 21 September 2015, page S-55. The values in the table were derived by multiplying the principal amount of notes each bank agreed to underwrite by 0.75 percent, the underwriting discount per note.

- ¹⁰⁷ GEO Group's Prospectus Supplement (for 6.00% bonds due 2026), dated 11 April 2016, second page (no page number in filing). The values in the table were derived by multiplying the principal amount of notes each bank agreed to underwrite (on page S-89) by 1.5 percent, the underwriting discount per note.
- ¹⁰⁸ GEO Group's Prospectus Supplement (for 5.875% bonds due 2024), dated 22 September 2014, second page (no page number in filing). The values in the table were derived by multiplying the principal amount of notes each bank agreed to underwrite (on page S-94) by 1.5 percent, the underwriting discount per note.
- ¹⁰⁹ CCA's Indenture (for 5.00% bonds due 2022), dated 25 September 2015, page 29.
- ¹¹⁰ Total interest payments for each offering are derived from multiplying the follow: (1) the interest rate, (2) the number of years between when the bonds were issued and when they mature, and (3) the value of the offering.
- ¹¹¹ Total interest payments for each offering are derived from multiplying the follow: (1) the interest rate, (2) the number of years between when the bonds were issued and when they mature, and (3) the value of the offering.
- ¹¹² Data come from Bank of America's, JPMorgan Chase's, U.S. Bancorp's, and Wells Fargo's 13F forms for the quarter ended 30 June 2016.
- ¹¹³ Christopher Ingraham, "Private prison stocks collapse after Justice Department promises to phase them out," *The Washington Post*, 18 August 2016.
- ¹¹⁴ The GEO Group, Inc., "2015 Annual Report," page 28. Also see Corrections Corporation of America's Annual Form (Form 10-K) for fiscal year ended 31 December 2015, page 3.
- ¹¹⁵ "\$1.5 billion" comes from CCA's Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 14-16. "\$1.9 billion" comes from GEO Group's Quarterly Report (Form 10-Q) for period ended 30 June 2016, pages 18-21. "\$39 million" was derived by subtracting CCA's trailing 12-month dividends (\$255 million) from the adjusted funds from operations (\$294 million). "\$81 million" was derived by subtracting GEO Group's trailing 12-month dividends (\$192 million) from the adjusted funds from operations (\$273 million). The 12-month dividends (\$255 million and \$192 million) come from the FactSet database. \$294 million comes from CoreCivic, "Supplemental Financial Information" for the quarter ended 30 September 2016, page 1. \$273 million comes from The GEO Group, "The GEO Group Reports Third Quarter 2016 Results" (press release), 3 November 2016. The adjusted funds from operations numbers are for 2016. The 12-month dividends numbers are for the last quarter of 2015 and first three quarters of 2016. For this reason, \$39 million and \$81 million remaining after dividend payments are approximations.
- ¹¹⁶ For more on these companies, see the "Prison Industry" webpage of the "Investigate" website managed by American Friends Service Committee (investigate.afsc.org/screens/prisons).
- ¹¹⁷ For example see American Friends Service Committee, Grassroots Leadership, and South Center for Human Rights, "Treatment Industrial Complex: How For-Profit Prison Corporations Are Undermining Efforts to Treat and Rehabilitate Prisoners for Corporate Gain," November 2014. Also see Eli Hager and Alysia Santo, "Private Prisoner Vans' Long Road of Neglect," *The New York Times*, 6 July 2016. Also see Human Rights Watch, "Profiting from Probation: America's 'Offender-Funded' Probation Industry," 2014. Also see Daniel Wagner, "Prison bankers cash in on captive customers," *The Center for Public Integrity*, 30 September 2014.
- ¹¹⁸ Wells Fargo & Company, "Wells Fargo and Wachovia Merger Completed" (press release), 1 January 2009.
- ¹¹⁹ GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2006, page 4.
- ¹²⁰ GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2015, pages 108-109. Also see Soberlink, "How It Works," downloaded from www.soberlink.com/mobile-alcohol-monitoring-breathalyzer/, 20 October 2016.
- ¹²¹ GEO Group's Current Report (Form 8-K) from 25 January 2015. Also see The GEO Group, Inc., "The GEO Group Announces Acquisition of Eight Correctional and Detention Facilities Totaling More than 6,500 Beds" (press release), 26 January 2015.
- ¹²² BI, "BI Incorporated acquires Protocol Government Solutions," downloaded from bi.com/blog/industry-news/bi-incorporated-acquires-protocol-government-solutions, posted on 12 March 2014.
- ¹²³ The GEO Group Inc., "The GEO Group Signs Agreement to Purchase 100% Interest in Municipal Corrections Finance, L.P. for \$27 Million" (press release), 7 May 2012. Also see GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2012, page 5.
- ¹²⁴ GEO Group's Annual Report (Form 10-K) for fiscal year ended 2 January 2011, pages 4 and 67. Also see The GEO Group, Inc., "The GEO Group Announces \$415 Million Acquisition of B.I. Incorporated" (press release), 21 December 2010. The value of the
- ¹²⁵ The sum of \$150 million (the value of the term loan) and \$293.3 million (the value of the bonds) is greater than \$415 million (the acquisition cost of B.I. Inc.). One possible explanation is that not all proceeds from the bond offering were used to acquire B.I. Inc.
- ¹²⁶ The GEO Group, Inc., "The GEO Group and Cornell Companies Announce \$685 Million Merger," 19 April 2010. Also see GEO Group's Annual Report (Form 10-K) for fiscal year ended 2 January 2011, page 5.
- ¹²⁷ The GEO Group, Inc., "The GEO Group and Cornell Companies Announce \$685 Million Merger," 19 April 2010.
- ¹²⁸ GEO Group's Annual Report (Form 10-K) for fiscal year ended 3 January 2010, page 4. Also see The GEO Group, Inc., "The GEO Group Closes Acquisition of Just Care, Inc." (press release), 1 October 2009.
- ¹²⁹ GEO Group's Annual Report (Form 10-K) for fiscal year ended 31 December 2006, Page 4. Also see The GEO Group, Inc., "The GEO Group, Inc. Closes Acquisition of CentraCore Properties Trust" (press release), 24 January 2007.
- ¹³⁰ The GEO Group, Inc., "The GEO Group, Inc. Announces Closing of Acquisition of Correctional Services Corporation; Divests Juvenile Services Division" (press release), 7 November 2005.
- ¹³¹ Corrections Corporation of America, "CCA Acquires Correctional Management, Inc." (press release), 11 April 2016.
- ¹³² Corrections Corporation of America, "CCA Announces Acquisition of Avalon Correctional Services, Inc." (press release), 29 October 2015.
- ¹³³ Corrections Corporation of America, "CCA Acquires Correctional Alternatives, Inc." (press release), 5 August 2013.