

# How Wall Street banks enable private prison companies to increasingly control the criminal justice and immigration enforcement systems

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**Key Finding:** GEO Group and CCA,<sup>1</sup> the two largest private prison companies in the United States, have relied on debt from Wall Street banks to acquire companies that provide community corrections services.<sup>2</sup> In this way, the banks have enabled the two companies to expand their control of the criminal justice system and immigration enforcement systems beyond incarceration into services like electronic monitoring and residential reentry.

For the sources and methodology used to calculate the data in this fact sheet, see In the Public Interest, “The Banks That Finance Private Prison Companies,” November 2016.

## GEO Group relies on debt financing from Wall Street banks to purchase smaller companies

In recent years, GEO Group—which operates 64 correctional facilities in the U.S.—has acquired several companies that either manage prisons or provide electronic monitoring for probation, community corrections, and pretrial programs.<sup>3</sup> GEO Group relied on loans to finance the acquisition of eight of the nine companies GEO Group has purchased since 2005. The price tag for the eight companies GEO Group purchased with debt financing totaled \$2 billion.

Most recently, GEO Group financed the acquisition of alcohol monitoring company Soberlink using revolving credit from **BNP Paribas, Bank of America, Barclays, SunTrust,** and **Wells Fargo**. Under the revolving credit agreement, GEO Group can borrow from these banks on any day as long as the total borrowed amount does not exceed the \$900 million limit.

When GEO Group purchased B.I. Inc., which manages Global Positioning System (GPS) ankle monitoring programs, in February 2011, it relied on debt from bonds and a term loan.<sup>4</sup> **Wells Fargo, Bank of America, Barclays, JPMorgan Chase,** and **SunTrust** underwrote the bonds, meaning the banks purchased all the notes and resold them to institutional investors, municipalities, endowments, and others. While the banks that provided the term loan are unknown, GEO Group’s filings with the U.S. Securities and Exchange Commission (SEC) show that BNP Paribas was the term loan’s administrative agent.

For a list of banks that played roles in financing all of GEO Group’s acquisitions since 2005, see Table 1.

## CCA relies on debt financing from Wall Street banks to acquire smaller companies

CCA—which operates 77 correctional facilities in the U.S.—has acquired three companies since 2005 that manage residential reentry centers.<sup>5</sup> CCA relied on debt to finance the acquisition of two of these companies—Correctional Management, Inc. and Avalon Correctional Services. The price tag for these two companies was \$193 million.

CCA financed the acquisitions of Correctional Management, Inc. and Avalon Correctional with its revolving credit. When the companies were purchased, **JPMorgan Chase, SunTrust, U.S. Bank (owned by U.S. Bancorp), and Wells Fargo** were among the lenders in the credit agreement. **Bank of America** was the administrative agent.

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

## GEO Group's and CCA's acquisitions allow them to increasingly control the criminal justice and immigration enforcement systems

By financing GEO Group's and CCA's acquisitions, Wall Street banks have been instrumental in enabling the private prison companies to expand their control of the country's criminal justice and immigration enforcement systems.

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The loans given to GEO Group to acquire electronic monitoring companies have enabled the company to receive new monitoring contracts. For example, with the acquisition of B.I. Inc., GEO Group obtained the contract to manage Immigration and Customs Enforcement's (ICE) Intensive Supervision Appearance Program, which tracks and monitors immigrants before trial.<sup>6</sup> ICE renewed the contract with GEO Group in 2014.<sup>7</sup>

The loans given to CCA to acquire residential reentry center companies have enabled the company to receive contracts to oversee people serving sentences in their communities. For example, with the acquisition of Avalon Correctional Services, CCA obtained contracts to manage residential reentry centers for approximately 2,100 people.<sup>8</sup> At the end of 2015, CCA announced that, due to its acquisitions, it had become “one of the largest community corrections owners and operators in the United States.”<sup>9</sup>

GEO Group's and CCA's acquisitions also have positioned the companies to receive new business as states continue to repeal “tough on crime” policies and implement policies focused on community corrections. GEO Group is also positioned to receive new business as immigration authorities increasingly rely on surveillance technologies.

**Table 1**  
The banks that financed GEO Group's acquisitions of smaller companies

Year	Company Acquired	Service	Purchase Price (millions)	Type of Debt Used to Finance the Acquisition	Banks Involved
2015	<b>Soberlink, Inc.</b>	Alcohol monitoring	\$24	1. Revolving credit	1. BNP Paribas (administrative agent) 2. Bank of America 3. Barclays 4. SunTrust 5. Wells Fargo
2015	<b>LCS Corrections Services, Inc.</b>	Facility operations	\$307	1. Revolving credit	1. BNP Paribas (administrative agent) 2. Bank of America 3. Barclays 4. SunTrust 5. Wells Fargo
2014	<b>Protocol Criminal Justice, Inc. *</b>	Call center and case management services for electronic monitoring	\$13	NA	NA
2012	<b>Municipal Corrections Finance L.P.</b>	Facility owner	\$27	1. Term loan	1. BNP Paribas (administrative agent)
2011	<b>BI Holding Corporation</b>	Electronic monitoring	\$415	1. Term loan – \$150.0 million	Term loan: 1. BNP Paribas (administrative agent)
				2. Bonds – 93.3 million	Bonds: 2. Wells Fargo (trustee) 3. Merrill Lynch (owned by Bank of America) 4. Barclays 5. JPMorgan Chase 6. SunTrust
2010	<b>Cornell Companies, Inc.</b>	Facility operations	\$685	1. Revolving credit	1. BNP Paribas (administrative agent)
				2. Term loan	
2009	<b>Just Care, Inc.</b>	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	<b>CentraCore Properties Trust</b>	Facility owner	\$428	1. Term loan	1. BNP Paribas (administrative agent)
2005	<b>Correctional Services Corporation</b>	Facility operations	\$62	1. Term loan	1. BNP Paribas (administrative agent) 2. Bank of America (syndication agent)

\*To the best of In the Public Interest's knowledge, GEO Group's filings with the SEC that the company did not purchase Protocol Criminal Justice with debt financing.

**Table 2**  
The banks that financed CCA's acquisitions of smaller companies

Year	Company Acquired	Service	Purchase Price (millions)	Type of Debt Used to Finance Acquisition	Banks Involved
2016	<b>Correctional Management, Inc.</b>	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	<b>Avalon Correctional Services, Inc.</b>	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	<b>Correctional Alternatives, Inc.</b>	Residential reentry centers	\$36	CCA did not finance the acquisition with debt	NA



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This fact sheet is part of **Programs Not Profits**, a multi-year campaign promoting the replacement of private corrections industry profits that hurt incarcerated people, correctional officers, and taxpayers, with publicly funded and managed programs that provide job training, mental health care, and substance abuse treatment. Get involved at [programsnotprofits.org](http://programsnotprofits.org).

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## Notes

- 1 In October 2016, Corrections Corporation of America (CCA) was rebranded as CoreCivic. This factsheet 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.
- 2 According to American Friends Service Committee, “Community corrections refers to ‘front-end’ alternatives to incarceration, such as probation, home arrest, and diversion programs, and ‘back-end’ re-entry programs such as parole, halfway houses, and work release centers. Nearly two-thirds of people involved in the criminal justice system are not held in prison or jail, but instead are monitored via community corrections programs. At the end of 2014, more than 4.7 million adults were under probation or parole.” (See AFSC Arizona, “AFSC-AZ Releases New Report on Privatization of Community Corrections and ‘Alternatives to Incarceration’” (press release), 25 August 2016.) When privatized, the benefits of these programs to individuals in their care have been shown to decrease. For more information see Caroline Isaacs, Arizona AFSC, Grassroots Leadership, and the Southern 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 Cate Graziani and Eshe Cole, Grassroots Leadership, “Incorrect Care: A Prison Profiteer Turns Care into Confinement,” February 2016. Also see Anat Rubin, “A Record of Trouble: California looks to halfway houses, finds a company cited for violence and escapes,” *The Marshall Project*, 11 April 2015.
- 3 The GEO Group, Inc., “2015 Annual Report.”
- 4 Ankle monitoring creates a number of constitutional and civil rights concerns. See Rutgers School of Law-Newark’s Immigrant Rights Clinic and American Friends Service Committee, “Freed but not Free,” (July 2012). Also see Kyle Barron and Cinthya Santos Briones, “No Alternative: Ankle Monitors Expand the Reach of Immigration Detention,” North American Congress on Latin America, 6 January 2015. Also see Seth Robbins, “Lawyers: immigrant mothers coerced to wear ankle monitors,” Associated Press, 27 July 2015.
- 5 77 correctional facilities includes 66 facilities that CCA “owns” and “controls” as well as 11 facilities CCA manages but are owned by government agencies. See, Corrections Corporation of America, Annual Report (Form 10-K) for period ended 31 December 2015, page 53.
- 6 B.I. Inc., “U.S. Immigration and Customs Enforcement renews contract with BI Incorporated” (press release), 16 September 2014.
- 7 Ibid.
- 8 Corrections Corporation of America, Annual Report (Form 10-K) for period ended 31 December 2015, pages 19 and 20. “2,100 people” was derived multiplying the number of beds in the facility (3,000) by the occupancy rate at the date of acquisition (71 percent).
- 9 Corrections Corporation of America, Annual Report (Form 10-K) for period ended 31 December 2015, page 20.