



THE GEO GROUP, INC. (GEO)

GEO, formerly known as the Wackenhut Corrections Corporation, is a major player in the controversial industry of incarceration for profit. On December 21, 2010, GEO paid \$415 million in an all-cash deal to acquire Behavioral Interventions, Inc. (BI), which allowed the company to expand beyond detention services into the area of community supervision. GEO is no stranger to controversy and continues to make headlines because of its questionable business practices. Some of the company's problems are briefly described below.

In 1999, Texas state officials voted to take control of the Travis County Community Justice Center from Wackenhut and stripped the company of its \$12-million-a-year contract. This was shortly after a Travis County grand jury indicted 11 former Wackenhut guards and a case manager on criminal sex charges. A former Wackenhut prison guard said an incident in which an inmate was abused was covered up by the company. The County Sheriff alleged that the facility was plagued by chronic understaffing.

Between December 1998 and August 1999, four inmate-on-inmate killings were committed in Wackenhut's New Mexico facilities; and then, in August 1999, a Wackenhut guard was murdered as well. After a major riot at one of Wackenhut's facilities, the company was faulted in a legislative consultants' report for having inadequate and ill-prepared staff earning Wal-Mart wages. The 500-page report called for a near-total overhaul of two of Wackenhut's operations in New Mexico.

On April 5, 2000, Wackenhut agreed to temporarily surrender control of its 15-month-old juvenile prison in Jena, Louisiana. That came a week after the U.S. Justice Department named Wackenhut in a lawsuit seeking to protect imprisoned boys from harm at the hands of guards and fellow inmates. The government accused Wackenhut of beating boys, throwing tear gas indoors, and not providing them with adequate rehabilitation programs.

In February 2001, Wackenhut informed Arkansas that the company wouldn't consider an extension of its management services contract for the Grimes and McPherson Correctional Facilities. In a press release Wackenhut said it was incurring financial losses due to the unexpectedly high cost of women's medical care, and the current contracts did not allow sufficient flexibility to adequately address these increased costs. In addition, Wackenhut said staffing costs had significantly increased due to a tight labor market and wage increases initiated by the state for its own correctional officers.

A 2005 internal review by the Florida Department of Management Services revealed that Florida paid nearly \$13-million to GEO and the Corrections Corporation of America for vacant jobs and other questionable expenses. In addition, the report found that the state waived minimal requirements for nurses, vocational trainers and teachers. In 2007, GEO reached a settlement to pay back part of the \$13 million. Gregorio De La Rosa was only four days from completing his sentence at a Wackenhut operated prison in Raymondville, Texas when he was beaten to death in the prison yard on April 26, 2001. In September 2006, a Willacy County jury returned a \$47.5 million verdict, the largest verdict in county history, in a negligence suit filed by his family against Wackenhut, which ran the prison.

In 2007, the Texas Youth Commission cancelled an \$8 million contract with GEO for management of the Coke County Juvenile Justice Center and unexpectedly closed the facility after officials said they found deplorable conditions inside. A report by Texas state inspectors disclosed that juvenile detainees as young as thirteen years old slept on filthy mats in dormitories with broken, overflowing toilets and feces smeared on the walls. Also, according to state reports, detainees were denied outside recreation for weeks at a time, and they ate bug-infested food, and defecated in bags. An inmate filed lawsuit also alleged that GEO hired a registered sex offender who was later accused of abusing seven former inmates.

In 2008, the press reported that deputies arrested Florida Civil Commitment Center resident George Wilson Williams on charges related to aiding and abetting the escape of fellow center resident and sexual predator Bruce Young. Williams reportedly knew the fence's electronic surveillance beam stopped near a "sally-port" at the south side at the facility, which is where Young breached the fence. GEO Care was contracted to administer the center for the Florida Department of Children and Families.

In 2008, GEO opted out of its \$40-million-a-year contract to operate Delaware County's jail, in part due to the cost of fighting lawsuits. GEO had spent an inordinate amount of time and money fending off federal lawsuits, including wrongful-death cases. In 2006, GEO agreed to pay \$100,000 to the family of Rosalyn Atkinson, a 25-year-old mother of two who died from a toxic dose of a blood-pressure drug while in prison custody. GEO agreed to an undisclosed settlement in the case of Cassandra Morgan, 38, who died in 2006 of complications from an untreated thyroid condition while jailed on a shoplifting charge. GEO also paid \$125,000 in 2005 to the family of a prisoner who hung himself with his bootlaces and agreed to a \$300,000 settlement in 2000 involving another suicide.

In 2010, GEO reached a \$2.9 million settlement providing up to \$400 each to about 10,000 inmates at six GEO facilities. The settlement covers GEO-run prisons in Texas, Illinois, Pennsylvania and New Mexico. The lawsuit alleging constitutional violations was filed in 2006 against GEO over strip searches allegedly conducted regardless of whether there was reasonable suspicion or probable cause to believe the person had weapons or contraband.

In 2011, Standard & Poor's Ratings Services lowered its junk-level rating on GEO Group Inc. (GEO), saying the operator of prisons and mental-health facilities was increasing debt to fund its \$415 million acquisition of B.I. Inc. The one-notch downgrade to B+, which is four levels into junk territory, reflects the "meaningful deterioration" in GEO's credit metrics following the

proposed transaction of B.I. and the \$730 million deal for rival prison operator Cornell. S&P said it now views that management's financial policy "has become more aggressive."

In 2011, Fox59 TV in Indiana reported that Wesley Hammond, an inmate at the New Castle correctional facility had been convicted of running a major drug ring from inside the jail using an illegally smuggled cell phone. Jack Crawford, Hammond's attorney said his client made over five thousand calls and was never caught by guards. "To think that an inmate could make all these calls in a facility that's supposed to have 24-hour surveillance," said Hammond's attorney. He said Hammond told him one of the guards gave him the cell phone. GEO would not comment sending Fox59 TV a generic statement saying they cooperated with the investigation.

In 2011, family members of a Lawton private prison inmate who was strangled to death in his cell were awarded a \$6.5 million verdict in a wrongful-death lawsuit. The GEO Group maintained throughout the trial that they had not failed at anything. "It absolutely was a verdict that was given by very conscientious jurors who listened to seven days of testimony of conduct in a prison system that should not be acceptable," said Tulsa, Oklahoma attorney Gary Richardson, who represented Sites' son and two daughters in the wrongful death lawsuit. "I think it's fair to say that the jurors were appalled at the evidence we brought them of inconsistencies among the staff, some applying the rules and procedures of the facility, some not, and seemingly no disciplinary action taken to those that aren't applying rules and procedures."

After auctioning off the Bill Clayton Detention Center in July 2011, the City of Littlefield thought they were free from the financial strains. However, the private bidder backed out of its \$6 million offer. After years of mismanagement and broken contracts, the \$11 million dollar detention center sat vacant. The city was left to foot the bill, still owing more than \$9 million on the property. The city had been unable to locate a new tenant and/or permanent operator of its detention facility since the State of Idaho removed its prisoners in January 2009 and the GEO Group terminated its operating agreement. GEO's decision was made shortly after it learned its own contract had been canceled with the Idaho Department of Corrections, which according to the Times-News in Twin Falls, Idaho, cited prisoner safety concerns.

In November 2011, newspapers reported that GEO would pay New Mexico \$1.1 million in penalties for not adequately staffing a private prison it operates in Hobbs. GEO, which manages three of New Mexico's four private prisons, agreed to pay the settlement following a meeting between the corrections agency and the company's top management. GEO will pay the \$1.1 million over several months, the corrections secretary said. In addition, GEO has agreed to spend \$200,000 over the next calendar year to recruit new correctional officers for the Hobbs facility.

In March 2012, a federal judge in Southern Mississippi gave final approval to a consent decree that settles a lawsuit brought by the ACLU and the Southern Poverty Law Center on behalf of 1,200 Mississippi youth, ages 13 to 22, confined to the GEO-operated Walnut Grove Youth Correctional Facility. The lawsuit detailed serious abuses where youngsters "live in barbaric, unconstitutional conditions," where rape, beatings, drug smuggling by GEO guards and medical and educational neglect are the norm. Meanwhile, the Walnut Grove Youth Correctional Facility, built with more than \$41 million in taxpayer dollars, "has generated approximately \$100 million

for the various for-profit entities that have operated the prison since it opened its doors in 2001," according to the complaint.

In September 2012, Florida news sources reported that inmate Roy Hyatt, who was serving a 17-year sentence for a 1997 aggravated assault in Duval County, was awarded \$1.2 million by a Palm Beach County jury to compensate him for losing the sight in one eye when another inmate at South Bay Correctional Facility threw boiling water in his face. Had GEO not given inmates unfettered access to microwaves in their open cell blocks, Hyatt today wouldn't be dealing with medical problems that will haunt him for the rest of his life, the jury found. Attorney Philip Thompson, who represented Hyatt, said there was another incident at South Bay a year earlier. GEO knew the microwaves posed a risk.

In October 2012, Texas news sources reported that GEO let its sixth rapist stroll away from a halfway house in a 24 month period. The latest escapee, Thomas Lee Elkins, 55, was a sexual predator with an extensive history of attacks on children and other victims, said Texas Department of Public Safety spokesman Tom Vinger. Elkins was finally captured more than 2 weeks after discarding his electronic monitoring device and leaving the Houston halfway house.

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For more information on this company and privatization in general, see: <http://www.afscmeinfocenter.org/privatizationupdate/>