
From: Sal Luciano
Sent: Wednesday, December 27, 2006 9:10 AM
To: Al Chiucarello; Joe Stone; Steve Carbone; John Little
Cc: Brian Anderson; Dennis Oneil
Subject: FW: Private prison packages to KS State senate - no rest for the wicked

FYI – Frank is a good retired AFSCME guy from the Midwest.

From: Frank Smith [mailto:fsmith@kanokla.net]
Sent: Wednesday, December 27, 2006 3:50 AM
To: Ken Kopczynski
Subject: Private prison packages to KS State senate - no rest for the wicked

Dear Ken, Private Corrections Institute Board, and friends,

Kansas Senator Derek Schmidt has yet to pre-file his annual for-profit prison bill for GEO.

I figured I'd preempt his move by writing to half the senators (that's all the CCA monographs I had), though not to Schmidt nor to Ralph Umbarger, the senator in whose district GEO supposedly wants to build.

I don't want to spend still another winter and spring fighting this nonsense, if I don't have to.

This year we didn't do well in the senate, where Derek pressured senators who didn't favor his bill. We did very well in the house...almost all the Democrats and half the Republicans.

I sent each senator a package containing the 26 minute Brazoria guards' riot videotape, the "CCA-20 years" monograph (both donated by AFSCME), the three minute Eagle Mountain uncontrolled riot and murders DVD and the following pieces of information:

The Catholic Bishops of the South anti-private prison statement, plus the Episcopal Diocese of Newark ditto. I reformatted them to two pages.

The Methodists' statement against private prisons. Reformatted to one page. (Presbyterian resolution was too long.)

The Arizona Maximus 2006 two page executive summary that showed the for-profits to be costing much more than publics.

The CUSA escape summary '95 - '04 reformatted to one page, showing 30 times private escapes over publics.

The Pueblo Chieftain "Good Riddance" editorial from 12/18, reformatted to one page since it contains the story of GEO's failure to build after four years, their ever-increasing demands and their \$1,000,000 payoff promise to Colorado's then-director of corrections, Nolan Renfrow.

1/2/2007

The Willacy Texas corruption story from the STOPP website.

I compiled a four page summary (attached) of additional for-profit prison corporate corruption leading off with the KS sheriff of Reno county's bribery and money laundering (to show it close to home), brief summary of Pueblo (mailed separately with the videotape & DVD), the Anchorage Daily News stories about Cornell including the Alaska indictment and the Richmond, Virginia bribery. I also excerpted Silja Talvi's In These Times story about Reeves County (TX) corruption and CCA's \$100,000 Tom DeLay payoff (but not the illegal \$10,000 from Cornell), the Private Prison International Report covering Dr. Charlie Thomas and Mark Hodges, the GEO and CCA money, and the Florida Commission on Ethics fines. I mentioned in it that the Cornell and GEO lobbying in Alaska and Pueblo caused construction of state prisons to be delayed for nine and four years, respectively.

I only had ten left, but I enclosed the AFSCME "false promises" foldout in half of the packages.

18 of the packages went to Republicans, who are in a 30-10 majority in the KS senate. Two went to two Democrats who sometimes wavered or favored the GEO proposal. 98% of GEO contributions in Kansas went to Republicans.

I don't know how much good this will do, but they'll have about 10 days to look them over before session starts. I want to put them in a position of not being able to deny prior knowledge of how bad the for-profits are when it comes time to vote in committee or on the senate floor.

The mailed packages are narrower in focus but similar to the for-profit talks I give. They hit these high points.

- 1.) Privates cost more than publics
- 2.) They're very dangerous to the public, staff and inmates alike.
- 3.) Churches oppose them especially mainline denominations.
- 4.) They are all corruptive of government.

They didn't get into:

- 5.) How "economic development" isn't, according to a think tank and studies from six universities.
- 6.) High turnover, 52% yearly, vs. 16% in publics.
- 7.) No mentoring process.
- 8.) Concealing true cost of government through lease revenue bonds, certificates of participation, etc.
- 9.) Virulently anti-union.
- 10.) Multi-million dollar executive salaries, but wages for guards as little as \$6.45/hr.
- 11.) Exporting profits out of state to distant executives and stockholders.
- 12.) Lack of affordable health benefits for employees.
- 13.) Questionable accreditations and conformity with accepted professional practices.
- 14.) Frequent riots, usually involving out-of-state prisoners.
- 15.) Consistently poor health care.
- 16.) Erode "open government," due to no Open Records Act requests, FOIAs or public access.
- 17.) Lobby for longer sentences, more inmates, producing more market, more market share ("3 strikes," "truth in sentencing," Jessica's Law, etc.)

I'll mail packages without the CCA monograph but with some additional materials to the remaining senators.

Please feel free to offer any criticism.

I'm going to drive to California tomorrow and won't be home until about the 4th. Weather will probably keep me from going to Colorado.

Frank

FOR-PROFIT PRISON CORPORATE CORRUPTION, KANSAS AND ELSEWHERE

The following is from the Kansas Supreme Court per curiam decision on the unsuccessful appeal of disbarment on behalf of Hutchinson attorney Larry Hertach.

In March 1998, Hertach incorporated Czech Capital & Management, Inc. In April 1998, Hertach incorporated Ten Corps, Inc., in Nevada through Laughlin Associates, Inc., a company that offered a "total privacy package" in incorporating businesses. In May 1998, Sheriff Leslie also utilized a privacy package to incorporate Kaw, Inc., in Nevada, also using Laughlin Associates, Inc. Sheriff Leslie also formed other companies called Golf, Gulf, and Star Enterprise.

Reno County paid MGI by check for operating the jail annex. MGI paid the expenses of running the jail annex and then transferred the remaining funds to Hertach's corporation Czech Capital & Management, Inc. That corporation split the funds equally, paying half to Hertach and half to Hertach's Nevada corporation Ten Corps, Inc. Ten Corps, Inc., then transferred its half of the funds to Sheriff Leslie's corporation Kaw, Inc., which in turn transferred the funds to either Golf, Gulf, or Star Enterprise where they were obtained by Sheriff Leslie.

About a year before the contract was due to expire, Hertach and Sheriff Leslie separately approached the Board requesting that the contract be extended. The Board entered into a second management agreement with MGI in January 2000. Again, neither Hertach nor Sheriff Leslie disclosed their silent partnership.

Between January 1998 and June 2001, ...Hertach and Sheriff Leslie personally received approximately \$284,875 each.

(When they failed to reveal what they had done with the proceeds of the bribery, Hertach and Leslie were each sentenced to a year in jail.)

<http://www.chieftain.com/editorial/1166452607/1>
The Pueblo Chieftain Online Editorial
Monday December 18, 2006

PRIVATE PRISON plans for Pueblo have been declared dead as the result of a scathing state audit and other serious questions involving the proposed operator, Florida-based GEO Group. We say good riddance.

State Rep. Buffie McFadyen of Pueblo West had requested the audit, which found that a former state director of prisons, who turned out to be Nolin Renfrow, was helping GEO to get a contract for a private prison in Weld County while he still was employed by the state.

Mr. Renfrow's commission from that deal would have been \$1 million, according to the audit. The egregious conflict of interest reportedly took place when Mr. Renfrow was cashing in on unused state vacation and sick leave.

"Neither the department (of Corrections) nor the former employee provided evidence that (Renfrow) received the express consent of his attending physician or appointing authority to engage in outside work activities," the audit said. "As a result, we question (his) use of about 240 hours of paid sick leave benefits valued at about \$14,000."

From the Anchorage Daily News 12/20/06

On Wednesday, a federal grand jury indicted Rep. Tom Anderson, R-Anchorage, on seven counts charging extortion, bribery, conspiracy and money laundering. The charges describe a scheme in which money was allegedly funneled to Anderson through a shell company in 2004 in exchange for actions he took as a legislator to benefit a private prison company. He pleaded not guilty Friday. (Cornell was the company referred to.)

From the Anchorage Daily News, 5/6/02

In 1995, seeking permission to build a private jail in Richmond for the state of Virginia, Cornell struck up a relationship with that city's mayor, Leonidas Young. According to charges later filed against the mayor, Young said he would push for Cornell's jail but suggested Cornell invest \$50,000 in a campaign to overcome community opposition.

At Young's suggestion, Cornell paid \$27,500 to a friend of Young's to serve as campaign consultant. Most of that money ended up in the bank accounts of Young and his political allies; none of it was used to generate support for the private jail, according to the U.S. attorney's office in Richmond.

Cornell also hired the husband of Young's campaign manager for \$17,500 to run a mailing campaign for the jail. The husband ran a home repair business and had no experience in mailing campaigns. Some of the money was used to pay for home repairs for the mayor's top aide. The rest, according to a subsequent federal indictment, was used for overseas trips on which the mayor was accompanied by the home repair expert and his wife. No mailings were ever sent.

Young was indicted in 1998 on a wide range of federal racketeering and money laundering charges, much of which had nothing to do with Cornell. He eventually pleaded guilty, admitting the truth of all the charges, and was sentenced to 30 months in federal prison.

Cornell's expectations in the deal were a bit hard to pin down, recalls assistant U.S. attorney Robert Trono, who helped prosecute the Young case.

Cornell officials were prepared to testify against Young, Trono said. They told prosecutors they would never pay bribes. They considered the public relations money to be a legitimate business expense in their line of work, he said. Still, Trono acknowledged, Cornell never got what they supposedly paid for. Nor did the prison company complain about being ripped off until contacted by prosecutors, he said.

"That was always a very good question," Trono said. "These people weren't stupid. What did they really think they were getting? On the other hand, Young (and his aide) were very convincing frauds."

Cornell spokesman Paul Doucette said Friday that he could not find any operations people with memories of the 1995 Richmond episode.

In These Times February 28, 2005

Privatization, politicians and payola

The glossy GEO world magazine, trumpeted the success of the largest "Private-Public Partnership in the World," a sprawling detention center in Pecos, Texas. Known as the Reeves County Detention Facility, the complex consists of prisons for both Bureau of Prisons and Arizona state inmates. According to GEO, "the joint venture... between GEO Group and Reeves County has been a rewarding challenge."

Unmentioned was the fact that a Reeves County judge, Jimmy Galindo, is facing a lawsuit over his role in granting the private operation and expansive construction of RCDC. According to the local Odessa American newspaper, building RCDC has led to the "near financial ruin of the county." RCDC is currently the subject of an FBI and Texas Ranger investigation into tampering with government documents.

The RCDC is a private-public partnership in more ways than one. Randy DeLay, the brother of House Majority Leader Tom DeLay (R-Tex.), lobbied the Bureau of Prisons to send its prisoners to RCDC, at the behest of county officials.

Randy DeLay isn't the only member of his family with an interest in corrections. In December, Rep. DeLay accepted a \$ 100,000 check from the CCA for the DeLay Foundation for Kids. (The foundation seems to benefit primarily DeLay's own kids.)

Privatisation 'guru' resigns

<http://www.ppsiru.org/justice/ppriarchive/ppri29-04-99.asp>

Dr Charles Thomas, Director of the University of Florida's Private Prison Project, has been fined \$20,000. He has ceased all evaluative research on the private corrections industry through his position at the university, and he has submitted his resignation as Director of the Private Corrections Project with effect from 13 August 1999.

Following two complaints by the Florida Police Benevolent Association (FPBA), the Florida Commission on Ethics found that there was probable cause to believe that Dr Thomas's financial interest in the corrections industry impeded his ability to evaluate objectively the industry through his research at the university (see *PPRI* #13, 21, 25, 26).

As well as his work at the university, Dr Thomas is a paid consultant to Prison Realty Corporation as well as being a board member and shareholder. He also owns shares in Correctional Services Corporation, but this was not an aspect of the conflict cases.

In June 1998, the Commission found probable cause for a conflict between Dr Thomas's work for the Florida Corrections Privatisation Commission, his relationship with CCA and his role at the University of Florida. Dr Thomas resigned his position with the Privatisation Commission but the case was not fully settled.

Last December, the FPBA filed a second complaint after it emerged that, in 1998, Dr Thomas personally received \$3m for consultancy to CCA Prison Realty Trust. The work related to the company's merger with Corrections Corporation of America which resulted in the formation of

Prison Realty Corporation (see *PPRI #28*).

The FPBA alleged that Dr Thomas violated Florida's Code of Ethics for Public Officers and Employees. Dr Thomas strenuously denied any wrongdoing.

Dr Thomas finally accepted the Commission's findings.

Commission investigator's findings

The Commission's report of the investigation into the second complaint was published on 17 March 1999. Mr Eric Scott, of the Attorney General's Office concluded that "it appears [Dr Thomas's] contractual relationship with PRC [Prison Realty Corp] created a situation which could tempt dishonor. Because the results of [his] research can have such a profound effect on the private prison industry [he] is in a position where his private economic interests and his public duty overlap in a manner which could lead to a disregard of his public duties. In other words, [he] could be tempted to alter the results of his research in an effort to maintain or increase his private economic benefit".

A second hearing had been scheduled for May pending negotiations over a settlement.

Ken Kopczynski of the FPBA, said "We were very happy that the Florida Commission on Ethics again validated our position. This ends a chapter in the FPBA's fight against prison privatisation and will, hopefully, bring about an honest debate on the issue".

International reputation

Dr Thomas has been regarded as the 'guru' of private corrections. He has conducted and/or directed research comparing private and public prisons and advised government departments. The Private Prison Project website features Dr Thomas's *Weekly Stock Report*, which tracks the share prices, trading records and developments of the publicly traded corrections companies.

Mr Irv DeGraw, a Sarasota-based stock analyst, referred to the *Blue Book*, Dr Thomas's annual industry census, as "the Bible". He also stated that information provided by Dr Thomas to stock analysts could "greatly influence the markets" and that Dr Thomas was "widely recognised as the expert on privatisation nationally, in fact, worldwide."

But Mr DeGraw also said that he had been "concerned" about Dr Thomas's directorship of CCA Prison Realty Trust as "economic interest in your research and work creates a bias."

■ Since 1989, the University of Florida Private Corrections Project has been funded entirely through donations from private corrections companies.

■ Dr Thomas receives a University salary of \$84,000 per year.

■ In April 1997, Dr Thomas became a board member for CCA Prison Realty Trust;

■ On 1 January 1999, CCA Prison Realty Trust merged with Corrections Corporation of America, creating Prison Realty Corporation (PRC) a Real Estate Investment Trust that provides financing for private correctional facilities.

■ Dr Thomas is a Director of PRC and owns 30,000 shares valued at \$660,000.

■ Dr Thomas received a \$3,000,000 consulting fee for services performed in connection with the merger.

■ Dr Thomas receives \$1,000 per month as a retainer plus travel expenses and stock options.

(Ironically) Wackenhut Corrections Corporation (GEO Group) no longer donates money to Dr Thomas's project. Mr George Zoley, the company's Vice Chairman and Chief Executive Officer alleged that Dr Thomas had "crossed over the line of impartiality" by joining CCA Prison Realty Trust although he had found the work of the Private Corrections Project fair and impartial.

(Mark Hodges, the head of the Florida Privatisation Commission, also resigned and was fined \$10,000 in a related case.)

Ken Kopczynski, the Executive Director of the Private Corrections Institute, has filed a *qui tam* suit to recover over a million dollars in GEO and CCA overbillings to Florida.