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# PRIVATE CORRECTIONS INDUSTRY NEWS BULLETIN

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*Reporting on Prison Privatization and Related Issues*

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## Cover-Up Uncovered at CCA Prison

Last July the Wisconsin corrections department began sending state prisoners to a CCA facility in Whiteville, Tennessee. On August 5 a rookie officer at the privately-run prison, Jerry Reeves, was attacked and seriously injured by Wisconsin inmates (see *PCINB*, Sept. 1998, pg.7). Four prisoners subsequently claimed that they had been beaten, maced and shocked with stun guns by CCA staff members who interrogated them about the attack.

Two days after the allegations of abuse were made public, the warden at the Whiteville prison traveled to Wisconsin to assure state officials that the complaints were groundless. At that time, in October, Wisconsin Corrections Secretary Michael Sullivan denied that inmates at the privately-run facility had been abused.

However, Sullivan sent a team of corrections officials to Tennessee to conduct their own investigation. After questioning more than fifty inmates and prison staff members they concluded that CCA employees

had used inappropriate force. "Our folks uncovered the cover-up," said DOC spokesman Bill Clausius.

On Nov. 10 Sullivan acknowledged that inmates at the Whiteville facility had been abused. He said his previous denial was based on the "apparent forthrightness" of CCA staff, and accused the company of withholding information. According to Sullivan 15 to 20 inmates were mistreated by CCA officers — the prisoners were slammed against a wall, one was struck in the groin and at least two were shocked with stun guns or stun shields.

Sullivan announced that his staff had submitted their findings to law enforcement authorities, whom he expects will "fully investigate the cover-up of these incidents" at the CCA facility. The FBI has launched an investigation which is expected to conclude in December. The prison's security chief and seven other employees were fired; according to CCA spokeswoman Susan Hart the company has a "zero tolerance policy" for inappropriate use of force.

Despite the abuse and cover-up, Sullivan stated he still intends to send more Wisconsin inmates to the Whiteville facility and to a CCA prison in Oklahoma. Wisconsin has been transferring prisoners out of state for the past several years due to overcrowding in its corrections system; 2,400 inmates are presently housed in other jurisdictions.

The Wisconsin corrections department is in the process of hiring four full-time monitors for out-of-state contract prisons. "Certainly because of this activity [at Whiteville] we will have a large presence there in both announced and unannounced visits," said Sullivan.

A delegation of five Wisconsin legislators visited the CCA facility after the abuse and cover-up were disclosed. Although it was supposed to be a surprise inspection CCA had learned they were coming, and the lawmakers were greeted by prison and corporate officials. Following the visit four of the five delegation members, all Republicans, said they saw no reason to [continued ⇨]

## ADMINISTRIVIA

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## WANTED

Articles, clippings and news reports regarding the private corrections industry — please include the source and date of all materials submitted.

stop sending inmates to the private prison. Rep. Spencer Coggs, a Democrat, argued the transfers should be discontinued until state and federal investigations are complete.

On December 2 a Wisconsin legislative committee authorized almost \$2 million to send 477 more prisoners to out-of-state facilities; according to Corrections Secretary Michael Sullivan the transfers are likely to continue for at least a decade. Sen. Brian Burke objected to doing further business with CCA. "If the world of privatized prisons were truly free market, we would not be rewarding the Corrections Corp. of America for bad behavior," he said.

Wisconsin Governor Tommy Thompson reportedly viewed the abuse of prisoners at the Whiteville facility as a serious but isolated incident. Chief of staff John Matthews said the governor "recognizes that these things can happen anywhere in any institution, public or private." Gov. Thompson received a \$2,500 campaign contribution from CCA C.E.O. Doctor R. Crants on Sept. 2, after the abuse at Whiteville had occurred and before the cover-up was revealed and reported.

Jerry Reeves, the correctional officer whose beating led to the interrogation and abuse of inmates by CCA staff members, remains in critical but stable condition. Nine Wisconsin prisoners are expected to be indicted on felony charges by Tennessee authorities in connection with the attack that left Reeves hospitalized. □

Sources: *The Tennessean*, Nov. 11, 1998; *Milwaukee Journal Sentinel*, Nov. 11, 12, Dec. 3, 1998; *Knoxville News-Sentinel*, November 12, 1998; *U.S.A. Today*, Nov. 11, Dec. 3, 1998.

## Georgia Inmates Praise Private Prison

At least some Georgia prisoners are pleased with the state's first privately-operated prison, a \$38 million 750-bed facility in Charlton County. Inmates at the D. Ray James State Prison, run by Houston-based Cornell Corrections, laud conditions at the facility in comparison with the state corrections system. They cite amenities such as salt and pepper shakers and napkins on the tables in the cafeteria.

Cornell officials say privileges have made inmates happier, which reduces security problems and thus cuts costs. "In most state prisons the wardens do not talk to the inmates," said Cornell warden Lovell Hudson, who walks unaccompanied about the facility and engages in conversations with prisoners. "But if you don't want to talk to them, you don't know what's going on."

"I'd much rather stay here," remarked inmate Arthaniel Johnson, noting that there are fewer rules and regulations at the private prison. There may be another reason why prisoners prefer conditions at the Cornell facility: less brutality.

In April 1998 the Georgia Dept. of Corrections agreed to pay \$283,500 to settle a lawsuit stemming from widespread shakedowns conducted by tactical squads at state prisons in which inmates were beaten and injured.

State officials have conducted two audits of the Cornell facility since it opened in October, citing lax security procedures among other problems. □

Sources: *U.S.A. Today*, December 31, 1998; *The Jackson Sun*, Nov. 22, 1998; *Prison Legal News*, Oct. 1998.

### Other Private Corrections Industry Resources

Corrections and Criminal Justice Coalition (CCJC), Route 2, Box 1144, Harpers Ferry, WV 25425 (888) 315-8784; [www.ccjc.com](http://www.ccjc.com). A consortium of anti-privatization correctional employees' unions.

Corrections USA (CUSA), P.O. Box 394, Newton, NH 03858 (603) 382-9707; [www.cusa.org](http://www.cusa.org). A non-profit association affiliated with correctional officers' unions; opposes prison privatization.

Prison Reform Trust, 15 Northburgh Street, 2nd Floor, London, EC1V 0JR England; phone: 011-44-171-251-5070; e-mail: [prt@prisonreform.demon.co.uk](mailto:prt@prisonreform.demon.co.uk). Publishes the *Prison Privatisation Report Int'l (PPRI)*, which covers news about the private corrections industry in the U.S. and abroad.

Private Corrections Project, Center for Studies in Criminology and Law, Univ. of Florida, Gainesville, FL 32611 (352) 392-1025; web site: [web.crim.ufl.edu/pcp](http://web.crim.ufl.edu/pcp). Conducts research into prison privatization. Note that the Project receives funding from the private corrections industry; Prof. Charles W. Thomas, director of the Project, is a board member of Prison Realty Trust.

Reason Foundation, 3415 S. Sepulveda Blvd. #400, Los Angeles, CA 90034 (310) 391-2245; [www.reason.org](http://www.reason.org). A libertarian think-tank that favors prison privatization. Note that the Foundation receives funding from the private corrections industry — including CCA, Wackenhut and Securicor.

## Department of Justice Sues Louisiana

On Nov. 5 the U.S. Dept. of Justice filed suit against Louisiana due to conditions in the state's facilities for juvenile offenders, citing excessive levels of violence and inadequate medical and mental health care. The civil rights lawsuit further alleges that youths are held in isolation cells and are not provided with sufficient educational services.

The suit follows two damning reports by federal investigators who found deficiencies in Louisiana's four juvenile prisons. "At the moment it is clear that federal court action is the only way to protect juveniles in Louisiana's secure correctional facilities from unlawful conditions," said Bill Lann Lee, acting Assistant Attorney General for Civil Rights in Baton Rouge.

Singled out for criticism in the investigative reports and subsequent lawsuit was the Tallulah Correctional Center for Youth, a privately-run juvenile facility that has been troubled by violence and brutality (see *PCINB*, Aug. 1998, pg.2). The state took over operations at Tallulah last July after a disturbance by juvenile offenders and the resignation of the prison's warden. There since have been complaints that some of the state guards are more abusive than the privately-employed guards they replaced.

Tallulah initially was operated by TransAmerican Development Associates, a politically-connected firm that opened the facility with a no-bid contract in 1994. Trans-American Development is named as a defendant in the Justice Department's lawsuit. Monroe attorney Scott Wolleson has announced that he also plans to file suit against the

company on behalf of up to fifty juveniles at Tallulah, seeking damages for injuries caused by guards.

According to federal officials the Dept. of Justice sued Louisiana following unsuccessful negotiations in which the state failed or refused to take corrective action. Points of contention include lowering guard-to-inmate ratios, addressing use-of-force concerns, and hiring more special education teachers. State officials claim that problems at the juvenile facilities have been exaggerated. TransAmerican Development has complained that the cost of complying with improvements demanded by the Justice Department would put the company out of business.

The state of Louisiana also faces a lawsuit filed by the Juvenile Justice Project, which represents 12 juveniles at Tallulah who seek improved conditions. A trial is set for February 22, 1999. As of December 14, management of the Tallulah facility is being contracted to the Florida-based Correctional Services Corporation. □

Sources: *The New York Times*, Nov. 6, 1998; *The Dallas Morning News*, Nov. 6, 15, 1998; *U.S.A. Today*, Dec. 11, 1998.

### PROTEST PLANNED

Corrections USA will hold its next annual conference in Miami and will be demonstrating at the corporate offices of Wackenhut Corrections from Feb. 4-6, 1999. Contact CUSA for details (see far left column).

## News Abroad

Government officials in Ontario, Canada announced in October that a 1,600-bed "super-jail" being built at Maplehurst will not be privately operated. "There are a whole range of issues around privatization that have not been properly addressed, and public safety is number one," said Solicitor Gen. Bob Runciman. The Ontario Public Service Employees Union, which opposes prison privatization, had cited problems at CCA's Youngstown, Ohio facility. Source: *PPRI*, Nov./Dec. 1998.

A contract between Wackenhut and the Canadian province of New Brunswick to build and operate the Miramichi Youth Facility has proven more expensive than if the project had been publicly financed. Auditor-General Daryl Wilson determined that the project resulted in additional expenses of C\$404,379 instead of C\$2.8 million in savings claimed by the government. Source: *PPRI*, Nov./Dec. 1998.

At a special conference held Nov. 12 the Prison Officers Association, a correctional employees' union in England, announced it would seek to recruit workers at privately-run facilities. While the union opposes privatization it recognized the need to represent private prison staff as part of its overall strategy. In May the British government announced that all new correctional facilities will be privately operated. Source: *Prison Report* (U.K.), Dec. 1998.

## INS Detainees in TX Stage Protest

A group of immigration detainees at a privately-operated INS facility in Laredo, Texas, upset that they were not allowed to return to their homes in Central American countries that had been ravaged by Hurricane Mitch, staged a protest on November 24.

According to INS spokesman Tomas Zuniga some of the detainees refused to eat breakfast and shouted obscenities at the guards; nine detainees then barricaded themselves in a dormitory by stacking tables and chairs against the door.

At least 75 U.S. Border Patrol agents responded to the disturbance to prevent violence and potential escapes. A special emergency squad with riot shields and batons eventually regained control using tear gas and physical force. No injuries were reported; six of the detainees were later transferred to the Webb County Jail.

The 350-bed Laredo Detention Center is operated by CCA and primarily houses illegal immigrants awaiting extradition or seeking political asylum. The detainees who participated in the protest reportedly were worried about their hurricane-stricken families and angry about a suspension on deportations that prevented them from returning to their home countries.

CCA spokeswoman Margaret Fernandez said the detention center was operating normally by late afternoon on November 25. □

Sources: *U.S.A. Today*, November 25, 1998; Immigration News Brief, Nov. 1998 (citing *The San Antonio Express-News*, Nov. 24, 1998).

## CCA, D.C. Settle Differences

The District of Columbia has dropped legal action that it planned to pursue against CCA after reaching an agreement with the company. CCA and District officials had disagreed as to which party should pay for responding to a class-action lawsuit filed by D.C. inmates at the company's Northeast Ohio Correctional Center in Youngstown. The suit, which alleges failure to protect and inadequate medical care, names both CCA and the District's Dept. of Corrections as defendants.

D.C. officials contended that CCA did not provide legal counsel to represent the District or produce proof of insurance that protects them from liability, in violation of the company's contract. The District had filed a complaint with the Contract Appeals Board and announced plans to seek a temporary restraining order from D.C. Superior Court before resolving the matter.

"We are committed to working with CCA in the future," stated George Valentine, deputy corporation counsel for the District. Neither CCA nor D.C. officials would comment on the specifics of the agreement, although CCA spokeswoman Susan Hart said the company had fulfilled its contractual obligations.

A court conference to discuss settlement of the Youngstown lawsuit is scheduled for December 23. Approximately 1,500 D.C. inmates are incarcerated at the Youngstown facility, which has been plagued by violence and other problems since it opened in May 1997. □

Source: *The Tennessean*, December 22, 1998.

## In the News

A plan to build a privately-operated 800-bed prison near Fort Greely, a military base south of Fairbanks, Alaska, is undergoing public discussion. Fort Greely is being downsized and nearby Delta Junction is looking for a new source of jobs. Source: *U.S.A. Today*, Dec. 1, 1998.

CCA has contracted to build a \$45 million 1,524-bed prison in McRae, Georgia. The facility, which is expected to open Feb. 2000, will hold minimum-security state and county prisoners. Source: *The Tennessean*, December 8, 1998.

The state of Washington plans to send 500-600 inmates to privately-operated prisons in Colorado; the transfers are expected to take place in January '99. Source: *Prison Legal News* (correspondence).

The District of Columbia Zoning Commission's hearing on CCA's request to re-zone its Ward 8 property so the company can build a prison has been postponed until March 18. Source: *U.S.A. Today*, December 8, 1998.

CCA has announced plans to build a \$45 million, 750-bed facility in Martin Co., Indiana. The company spent a year evaluating sites and weighing public opinion, and chose Martin County after facing vocal opposition in Orange Co. Sources: *U.S.A. Today*, November 25, Dec. 10, 1998.

## Prison Privatization Report Released

In 1997 Congress instructed the Attorney General's office to undertake a study of prison privatization, to include a review of legal issues and existing research regarding cost effectiveness. The study was conducted by Abt Associates, Inc. through a cooperative agreement with the National Institute of Corrections, and the resulting report, entitled "Private Prisons in the United States: An Assessment of Current Practice," was released in October 1998.

The report presents a comprehensive overview of prison privatization based on a survey of the Federal Bureau of Prisons, Puerto Rico, the District of Columbia and 48 states. Only Alaska and Maine did not respond; the report does not encompass local governments.

Previous studies of prison privatization conducted in Arizona, Louisiana, Tennessee, Florida and Texas are evaluated and critiqued. The report notes that methodological problems in the studies make it difficult to assess privately-operated facilities vis-à-vis public prisons. Other factors also preclude accurate comparisons — e.g., differences in the security classification of inmates in public and private prisons. "Some of the more extravagant claims made on behalf of prison privatization can be traced to inappropriate handling of these issues," the authors of the report state.

The report concludes there is insufficient data to assess the cost effectiveness and performance quality of private prisons. "Only a few of the more than a hundred privately operated facilities in existence have been studied, and these studies do

not offer compelling evidence of superiority," say the authors. These findings are consistent with a 1996 report by the General Accounting Office which found mixed results and little evidence that prison privatization results in cost savings.

The report further addresses various legal topics relevant to the private prison industry, including liability, employee/organized labor issues, use-of-force policies, inmate industry programs, and contractual issues. Regulatory laws for private prison operators are discussed using an Ohio statute enacted in March 1998 as an example.

The report includes extensive footnotes with references and case law, bibliographies, statistical data, and the results of the Abt Associates survey of state and federal corrections departments. Three appendices provide supplemental information about legal issues involving prison privatization and previous studies of privately-run prisons conducted in New Mexico, Kentucky, California and Massachusetts.

The acting Assistant Attorney General described the Abt Associates report as being a "careful and thorough review of prior research," and praised it for presenting a "valuable framework for the additional research needed on the comparative cost and quality of private versus public prison operations."

Copies of the 200+ page report are available from the Bureau of Prisons, Office of Public Affairs, 320 1st St. N.W., Washington, DC 20534, by written request. □

Sources: *PPRI*, Nov./Dec. 1998; Abt Associates report.

## TN Lawmakers Address Private Prison Issues

A Tennessee legislator, concerned about the Department of Correction's slow pace in pursuing prison construction, has accused the governor's administration of stonewalling to create an opportunity for private prison companies to step in. During a December 4 meeting of the Select Oversight Committee on Corrections, DOC officials acknowledged that the projected growth of the state's inmate population will exceed available prison space within five years and that construction of a new facility had been delayed.

State Senator Pete Springer criticized DOC Commissioner Donal Campbell for not being farther along in building a 1,676-bed prison due to open by 2001. Seven or eight counties have offered land for the facility but there have been only two follow-ups and no site visits. Sen. Springer, an outspoken opponent of privatization, questioned whether the delay would force the state to contract with private prison companies to avoid an overcrowding problem.

"What concerns me a great deal is if the state has no specific plan on where we're going, that leads credence for someone to step forward and say we have a better plan," remarked Sen. Springer.

A spokesman for the governor's office said there is still time to build the prison by the original deadline. Governor Sundquist, who has business and political ties to CCA, supported a bill to privatize up to 70% of the state's prison system; the bill failed to pass last April and the governor said he would not pursue prison privatization in 1999.

Addressing a related issue, Senator Jim Kyle, chairman of the

Oversight Committee, announced that "comprehensive legislation" regarding the private corrections industry would be introduced next year and would affect both privately-operated adult and juvenile prisons. Approximately 80% of the juvenile offenders in state custody are housed in private facilities.

The Committee also requested a full report on the Oct. 12 escape of four Tennessee prisoners from the CCA-run South Central Correctional Center, noting that guards evidently didn't notice the break-out for up to three hours. "It sounds ... as if someone was asleep, and if that's the case I want to know how much overtime that person worked that week," said Senator Bob Rochelle.

An investigation into the escape is complete, but DOC Commissioner Donal Campbell said he had not yet seen the final report. Campbell also stated he didn't know if his department had taken any action against CCA as a result of the break-out, or whether the company had made security improvements.

Pam Hobbins, a DOC spokeswoman, later acknowledged that Comm. Campbell had received the final investigative report; however, she said it would not be released to the public because it was confidential. Senator Kyle observed that this was "a perfect example of the public's right to know about issues of public safety" in relation to private prisons, which is an issue that he intends to address during the next legislative session. □

Sources: *Commercial Appeal* (TN), December 5, 1998; *The Jackson Sun*, November 25, 1998.

## A Doubtful Thomas?

Much of the statistical and academic information concerning prison privatization that is reported in the media — and relied upon by lawmakers — comes from Professor Charles W. Thomas, director of the Private Corrections Project at the University of Florida, Gainesville.

In a 1996 interview with *The National Times* Thomas admitted he had invested in "substantially all" of the private corrections companies, though he refused to say how much. On April 25, 1997 *The Wall Street Journal* reported that Thomas was being named a board member of the CCA Prison Realty Trust — he receives an annual salary of \$12,000 with options to buy 5,000 shares of stock. The chairman of Prison Realty, Doctor R. Crants, is also the chairman and C.E.O. of CCA. Prison Realty and CCA plan to merge in January 1999 (see pg. 7).

According to a Prison Realty document filed with the SEC on Oct. 16, 1998, "Charles W. Thomas, a member of the Prison Realty Board and a director of New Prison Realty, has performed and will continue to perform, certain consulting services in connection with the merger for a fee of \$3 million."

An ethics complaint was filed against Professor Thomas for his financial involvement with the private corrections industry while conducting research in that field. The Florida Attorney General's office has referred the complaint to the Division of Administrative Hearings. Thomas denies there is a conflict of interest. □

Sources: *PPRI*, Nov./Dec. 1998; *The National Times*, Sept. 1996; *The Wall Street Journal*, April 25, 1997.

## CCA-Prison Realty Merger Approved

A merger between Corrections Corp. of America and Prison Realty Trust was approved by shareholders in both companies on Dec. 1 and Dec. 3, respectively. CCA had spun off Prison Realty, a real estate investment trust, in July 1997, then announced merger plans last April (see *PCINB*, June 1998, pg.4).

The CCA-Prison Realty merger was opposed by an organized labor group that safeguards pension funds of member unions. The AFL-CIO's Office of Investment sent seven-page mailings to CCA shareholders urging them to vote against the proposed merger because it unfairly favors CCA management and two major institutional investors, and transfers some of CCA's most valuable assets to companies that will not benefit shareholders.

"We are reaching out to CCA's shareholders to put forth our critique of the deal and get some dialogue going," stated union representative Beth Young. CCA spokesperson Peggy Lawrence said the union's complaints were out of context and outdated. The AFL-CIO and affiliated labor unions own an estimated .5% of CCA's stock.

Three of the nation's largest pension funds also opposed the CCA-Prison Realty merger. The California Public Employees' Retirement System, the New York City Pension Fund System and the New York State Common Retirement Fund announced they would vote against the merger because it wasn't in the best interests of CCA shareholders. CCA offered to meet with the pension funds but was rebuffed; the funds own a 1.77% stake in the company's stock.

Institutional Shareholder Services, a Washington, D.C.-based investment advisory service, recommended that CCA shareholders vote against the merger but that Prison Realty investors vote for the merger. CCA faces several individual shareholder suits which claim the merger favors corporate executives — including CCA C.E.O. Doctor R. Crants, who will own an estimated 1.9 million shares in the combined companies.

According to a Prison Realty document filed with the SEC on October 14, potential conflicts of interest exist between CCA and Prison Realty due to interlocking business and financial relationships among the company's directors and officers. Doctor R. Crants, Chairman and C.E.O. of CCA, is also Chairman of Prison Realty; his son, D. Robert Crants III, is Prison Realty's President. Prison Realty C.E.O. J. Michael Quinlan is a former CCA corporate officer.

D. Robert Crants III, Prison Realty's Chief Operating Officer Michael W. Devin, CCA board member Lucius E. Burch III and the Stephens Group are joint owners of DC Investment Partners, LLC. The Stephens Group is an affiliate of Stephens, Inc., CCA's financial advisor in connection with the merger. According to the SEC filing, because of these and other relationships "there exists the risk that [Prison Realty] will not achieve the same results in its dealings with CCA that it might achieve if such relationships did not exist."

The proposed merger required a majority vote by CCA investors and a 2/3 vote by shareholders in

Prison Realty. Sixty-two percent of CCA's outstanding shares voted in favor of the merger; 11% opposed the merger and 27% did not vote. An overwhelming 82% of Prison Realty's shares voted to approve the merger.

The merger will convert each share of Prison Realty Trust into one share of a new trust company, the Prison Realty Corporation. CCA investors will receive .875 shares of the new company for each share of CCA held. The merger will turn CCA into three corporations: two service companies 95% controlled by Prison Realty and an operating company in which Prison Realty has a 9.5% interest. The resulting companies will be 58% owned by CCA executives.

The \$3 billion merger, which CCA spokesperson Peggy Lawrence described as a "watershed event," will be complete as of Jan. 1, 1999. □

Sources: *Business Week*, Dec. 7, 1998; *The Jackson Sun* (TN), Dec. 4, 1998; *The New York Times*, Dec. 2, 1998; *The Tennessean*, Dec. 2, 4, 1998; *PPRI*, Nov./Dec. 1998; *The Knoxville News-Sentinel* (undated).

### ERRATUM

The address for *The Atlantic Monthly* on page 10 of last month's *PCINB* was incorrect. The correct address is: The Atlantic Monthly, 77 N. Washington Street, Boston, MA 02114 (617) 854-7700 or (410) 754-8219; [www.theatlantic.com](http://www.theatlantic.com). We apologize for any inconvenience this caused.

### Judge Blocks Private Prison Sale

On Nov. 18 an Ohio judge prevented CCA from selling the company's Northeast Ohio Correctional Center in Youngstown to its sister corporation, Prison Realty Trust. Mahoning County Common Pleas Judge John Durkin issued a temporary restraining order on the request of the Youngstown school district, which claims that CCA is trying to hand off its responsibility for the private prison.

Martin Hughes, the attorney representing the school district, said CCA deceived Youngstown officials because the company agreed to oversee the prison if the city provided tax incentives. Youngstown gave CCA \$11 million in real property tax breaks and sold the company 100 acres of land for \$1.00.

CCA's sale of the facility is unrelated to the company's merger with Prison Realty (see pg.7). □

Source: *The Beacon-Journal* (OH), November 20, 1998.

### CCS Experiences Ups, Downs

Children's Comprehensive Services (CCS), a Nashville-based company that provides education and treatment programs for at-risk youth and secure confinement for juvenile offenders, has contracted with the Ohio Dept. of Youth Services to operate a 300-bed facility for female adolescents. The contract will generate around \$3.7 million in revenue over the next three years.

At the beginning of December CCS's stock fell by almost 50% before rebounding to \$9.72, down \$2.72, after the company announced that earnings would be hurt due to problems at a juvenile facility in Butte, Montana.

C.E.O. Bill Ballard said he expected quarterly profits to slip because it had taken longer than anticipated to restore operations at the Montana facility, where two youths had committed suicide. □

Sources: *The Tennessean*, December 4, 16, 1998.

### CCA May Pay \$1.3m in "Non-Fines"

Last April CCA was charged with contract violations at the company's Correctional Treatment Facility, a District of Columbia prison medical center. D.C. investigators cited a shortage of guards and medication at the facility and recommended \$1.3 million in fines.

On November 14 D.C. Dept. of Corrections spokesperson Darryl J. Madden denied claims that the agency had forgiven the proposed monetary penalties but also disputed they were fines. "I wouldn't characterize them as fines," he stated. CCA board member (and former D.C. political insider) Joseph F. Johnson agreed, saying, "They were deficiencies cited. They never rose to the level of being fines."

Madden said the department is reviewing the contract violations and noted that CCA still may have to pay the non-fines. □

Source: *The Tennessean*, November 15, 1998.

### Colorado Seeks Fifth Private Prison

Discussions about building a privately-operated prison south of Antonito, Colorado have received a "pretty positive" response according to Mayor Carla Lucero. The town board is considering whether they should build a prison on property owned by the Bureau of Land Management (BLM), which they would contract to a private prison operator.

Bill Miller, a BLM official, said the agency was approached by

Mayor Lucero and local business-owner Ray Francis about the possibility of constructing a women's facility with up to 1,000 beds. Francis is the chairman of a town board-appointed economic development committee.

Miller stated the BLM would likely sell 160 acres to the town for a prison, though the sale would require a property appraisal. "We're making headway," said Francis, who noted they need a private prison

company to come in and build the facility. The town is relying on a shortage of bed space in the state's corrections system.

Four private prisons already operate in Colorado, including CCA facilities at Olney Springs, Las Animas and Walsenburg, and a Correctional Services Corporation prison at Burlington. □

Source: *The Pueblo Chiefton* (CO), November 25, 1998.