
PRIVATE CORRECTIONS INDUSTRY NEWS BULLETIN

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Reporting on Prison Privatization and Related Issues

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CCA Settles Youngstown Lawsuit

On March 1, 1999 CCA agreed to pay \$1.65 million plus \$803,000 in attorney fees and expenses to settle a class-action suit filed by Washington, D.C. prisoners at the company's Northeast Ohio Correctional Center in Youngstown.

The lawsuit, brought by three inmates in Aug. 1997, claimed unsafe conditions because maximum-security prisoners were being housed at the medium-security Youngstown prison. At least 13 stabbings, two of them fatal, occurred at the facility within a one-year period; CCA subsequently was ordered to transfer hundreds of maximum and close-security inmates to other prisons.

The lawsuit also claimed that CCA guards had used excessive force during incidents in which prisoners were tear gassed and subjected to strip and body cavity searches. CCA will pay an additional \$100,000 for confiscating inmates' personal property during shakedowns.

The suit further alleged inadequate medical care — at least three prisoners have died due to medical causes since the facility opened (see

PCINB, Nov. 1998, pg. 3). The settlement provides that health care at the prison must meet National Commission on Correctional Health Care standards.

The City of Youngstown joined the prisoners' suit in 1998. Under a separate agreement the city will receive \$130,000 a year to cover the cost of two independent monitors to oversee the facility.

Inmates who died at the prison and who caused injuries to others are excluded from the monetary portion of the settlement; the families of two prisoners stabbed to death at the facility are pursuing separate lawsuits against CCA. The three inmates who filed the class-action suit will each receive \$9,500, prisoners who were tear gassed will get \$1,000, medium-security inmates will receive \$500, and maximum-security inmates will be paid \$300.

"We're pretty happy. When you balance it out, it's a pretty fair settlement because it ensures permanent reform to make the prison safe and provide adequate medical care," said Alphonse Gerhardstein, a

Cincinnati attorney who represented the inmate plaintiffs. During the litigation CCA unsuccessfully tried to obtain a gag order to prevent Mr. Gerhardstein from speaking to the media (*PCINB*, Sept. 1998, pg. 5).

The settlement of the Youngstown suit also resolves claims against the District of Columbia, which was named as a defendant.

Although CCA's contract required the company to represent and/or indemnify the District, there was disagreement as to whether CCA was fulfilling its contractual obligation. CCA and D.C. officials resolved the matter after the District filed a complaint with the D.C. Contract Appeals Board (*PCINB*, Dec. 1998, pg. 4).

The Youngstown settlement must be approved by U.S. District Court Judge Dan A. Polster, who has scheduled an April 20 hearing. CCA officials noted the company did not admit any wrongdoing in agreeing to settle the lawsuit. □

Sources: *The Tennessean*, March 2, 1999; *The Commercial Appeal* (TN), March 3, 1999.

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.

Prison Guards Stage Protest at Wackenhut Headquarters

Public corrections employees staged a vocal demonstration outside the corporate office of Wackenhut Corrections in Palm Beach Gardens, Florida on Feb. 5, 1999. Approximately 125 prison guards from as far away as Alaska formed a picket line in front of the company's headquarters, displaying signs that read "Wackenhut protects its profits not the public."

The anti-privatization protest took place on the second day of a three-day meeting sponsored by Corrections USA (CUSA), a nonprofit organization for public prison workers. The Florida Police Benevolent Association, which represents 15,000 corrections officers throughout the state, helped organize the rally.

Prison guards who took part in the protest argued that private prison companies do not conduct adequate criminal background checks on their employees and do not provide sufficient staff training. They also said privately-operated prisons are able to conceal information about assaults, escape attempts and other security-related incidents because they aren't subject to public scrutiny.

"Wackenhut hides behind [a] corporate wall," stated Jim Baiardi, president of the corrections officers division of the Florida Police Benevolent Association.

"Corrections should be something the public is aware of," added Mike Halley, of the Worcester, Mass. Sheriff's Department. "The safety of the inmates and the officers is a concern when dollars come into play."

CUSA spokesman Brian Dawe called for public disclosure by private

prison operators. "We want them to disclose all their practices," he said. "What it will show is that their claims are false. Their costs aren't lower. They aren't any more efficient."

Wackenhut spokesperson Pat Cannan said the company trains its officers according to the same standards as public prison employees, submits regular reports of incidents such as fights and disturbances to the Dept. of Corrections, and offers comparable pay and benefits — although he acknowledged that they may be lower than the state average in some areas.

He also said the company does not choose which inmates are housed at its facilities, refuting claims that private prison operators "cherry pick" prisoners who are less expensive to incarcerate.

Cannan defended Wackenhut's safety record, calling it "exemplary at all our locations." He did not comment about on-going problems at the company's Lea County Corr. Facility in Hobbs, New Mexico, where two inmates have been stabbed to death in recent months (see pg. 6).

CUSA is pressing for more stringent regulation of the private prison industry and hopes to gain public support through its high-profile demonstrations. In October '98 CUSA staged a protest in front of CCA's corporate office in Nashville, Tenn. (*PCINB*, Oct. 1998, pg. 6). □

Sources: *The Herald Tribune* (FL), Feb. 6, 1999; *The Palm Beach Post*, Feb. 6, 1999; *The Sun Herald* (FL), Feb. 6, 1999; *The Miami Herald*, Feb. 5, 1999.

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. A consortium of anti-privatization corrections employees' unions.

Corrections USA (CUSA), P.O. Box 394, Newton, NH 03858 (603) 382-9707; www.cusa.org. A professional association of public corrections employees opposed to 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. 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. 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 also a director of Prison Realty Corp.

Reason Foundation, 3415 S. Sepulveda Blvd. #400, Los Angeles, CA 90034 (310) 391-2245; www.reason.org. A libertarian-oriented think-tank that favors prison privatization. Note that the Foundation receives funding from Wackenhut, Securicor and U.S. Corrections.

Florida Forgoes Prison Privatization

Although Florida is home to two private prison companies, Correctional Services Corp. and Wackenhut, the Sunshine State is forgoing further prison privatization, at least for now.

There are five privately-run prisons in Florida and the legislature has authorized two more. But according to Mark Hodges, director of the Correctional Privatization Commission, the facilities won't be built anytime soon. "We kind of took off the table the two we were given last year," he said.

A surplus of bed space following a prison-building boom in the 1980s has doubled the size of the state's corrections system, and additional prisons aren't needed.

Another contributing factor to the cutback in prison privatization is lackluster cost savings. Florida lawmakers initially set a goal of 7% savings by private prison operators. But according to a 1997 report by the Office of Program Policy Analysis and Gov't Accountability, "The private prisons did not provide the state

with the 7% level of overall cost savings anticipated."

The FL Dept. of Corrections estimates the state paid, on average, \$50.51 per inmate per diem at publicly-operated facilities in 1997-98, and \$49.29 per inmate per diem at private prisons — a savings of less than 2.5%.

The slowdown in prison privatization comes amid intense lobbying by private prison companies: Wackenhut has contributed at least \$88,500 to the Republican Party of Florida and \$44,500 to the Florida Democratic Party since 1996.

Private prison contractors are now seeking specialty markets for correctional services, such as drug treatment facilities and medical prisons. "My approach is going to be talking to people about a longer-term strategy, like some niche markets that private industry will be able to fill," said long-time Wackenhut lobbyist Damon Smith. □

Source: *The Miami Herald*, February 5, 1999.

County Considers Buying CCA Facility

Polk County, Florida Sheriff Lawrence Crow has proposed purchasing a 1,008-bed jail being built by CCA as a way to save money and reduce overcrowding in the local lockup.

In 1997 the county commissioners approved a contract for a \$35 million facility to be constructed and operated by CCA, which would lease bed space to the county. The contract provided the county could buy the facility for the price of construction

plus 3% in administrative costs.

Crow said the \$36 million price tag — excluding operating expenses — would be offset by closing the old jail, transferring prisoners presently housed in other counties, and using money that would have been paid to CCA under the lease arrangement.

The CCA facility, being built near Frostproof, will open July 1. □

Source: *The Tampa Tribune*, Feb. 9, 1999.

In the News

Wackenhut Corrections has withdrawn a proposal to build a private prison in Prairie du Chien, Wisconsin after facing opposition from a local community group and the Wisconsin Assoc. of Correctional Officers. Source: *PPRI*, Feb. 1999.

Correctional Properties Trust, a real estate investment trust (REIT) spun off by Wackenhut Corrections last year, has purchased Wackenhut's 1,500-bed Lawton Corr. Facility in Lawton, OK for \$45 million and a 600-bed expansion at the company's Lea County Corr. Facility in Hobbs, NM for \$22.5 million. The REIT will lease the prisons back to Wackenhut. Source: *The Palm Beach Post*, Jan. 20, 1999.

A privately-operated 1,000-bed facility being built in Tallahatchie County, Mississippi is expected to bring 240 jobs and an annual payroll of up to \$4 million. Source: *USA Today*, Feb. 16, 1999.

Hawaii Governor Ben Cayetano has announced he will seek a private company to build a state prison if he cannot win legislative support for a bond issue to finance construction of the facility. Source: *USA Today*, March 4, 1999.

Nevada corrections director Bob Bayer has announced plans to privatize prison health care services; medical care for state inmates costs about \$30 million a year. Source: *USA Today*, March 8, 1999.

Private Prison Conference Held in MN

Over 100 researchers, union representatives, and public and private-sector corrections officials attended a prison privatization conference in Minneapolis on January 29-30, 1999. The conference was organized by the Minnesota School of Law, Institute on Criminal Justice.

The tone of the conference was decidedly anti-privatization. Chuck Davis, an economist, presented the keynote address in which he outlined the history of the contemporary private prison industry and observed that "privatization is neither a necessary nor sufficient condition for improving economic performance in the field of corrections."

Jamie Fellner of Human Rights Watch, a New York-based nonprofit agency, said privatized prison management does not guarantee safe or

humane conditions of confinement.

Ohio state Sen. Mark Mallory described problems at the CCA-operated Northeast Ohio Corr. Center in Youngstown, including difficulties in obtaining state and local oversight of the privately-run prison.

Frank Hall, a former senior public corrections official who is now employed by CCA, presented the private sector's side.

The final workshop panel of the conference included representatives from organized labor groups, who discussed strategies to oppose prison privatization.

In March 1999 the Minnesota legislature will consider a proposal to privatize a state prison being built at Rush City. □

Source: *PPRI*, Feb. 1999.

CCA Donation\$

CCA C.E.O. Doctor R. Crants donated \$4,000 to Wisconsin politicians between Sept. and Dec. of last year. Crants contributed \$2,500 to Gov. Tommy Thompson's election campaign and lesser amounts to the Assembly Speaker, Senate Majority Leader, chairman of the Assembly Corrections Committee, and three Republican members of the Joint Finance Committee.

Crants began making the donations soon after Wisconsin inmates were abused at a CCA-run facility in Tenn. (*PCINB*, Dec. 1998, pg. 1).

The three finance committee members voted in December to approve the transfer of an additional 357 state prisoners to a CCA facility in Oklahoma. Source: *The Milwaukee Journal Sentinel*, Feb. 18, 1999.

Expansion in AZ

Prison Realty Corp. announced on March 8, 1999 that it will design and build a \$60 million, 1,600-bed addition to an existing private prison in Florence, Arizona.

The facility will be leased by Correctional Management Services, which operates with two other companies under the CCA name.

The project is expected to generate \$31 million in additional annual revenue; construction was scheduled to start in February '99. The facility will hold state and federal inmates.

The existing prison in Florence, the Central Arizona Detention Center, is owned by Prison Realty Corp. and operated by Correctional Management Services/CCA. Source: *The Tennessean*, March 9, 1999.

In the News

On Jan. 27, 1999 Stephanie Stitt, formerly incarcerated at the Washington Corr. Institution in Georgia, was awarded \$600,000 in her lawsuit against Correctional Medical Services, Inc. A jury found that the company negligently failed to provide timely and adequate care for Stitt's back problem while she was in prison, which resulted in permanent disability after she was released. Source: *The Atlanta Journal-Constitution*, Jan. 29, 1999.

New Hampshire officials are considering privatizing prison medical and mental health care services — annual health care costs in the state corrections system are around \$5 million. Public corrections employees oppose the idea. Source: *USA Today*, March 2, 1999.

Wisconsin State Senate President Fred Risser has called for an end to the practice of sending prisoners to facilities in other states. Wisconsin houses about 2,600 inmates in out-of-state prisons, including CCA facilities in TN and OK. Source: *USA Today*, March 11, 1999.

Utah officials are reviewing bids for a privately-operated 500-bed prison, the state's first contract with a private prison company. The facility will house minimum- and medium-security inmates and is scheduled to open in April 2000. Source: *USA Today*, March 22, 1999.

WA Inmates Involved in Uprising

On March 3, 1999 around 260 Washington prisoners were flown to the CCA-operated Crowley County Corr. Facility in Olney Springs, CO. Washington Governor Gary Locke approved the transfer as an emergency solution to relieve overcrowding in the state's prison system.

Two days later Washington inmates were involved in a six-hour disturbance at the Colorado facility. The disturbance reportedly started after a prisoner was denied a non-meat substitute at the afternoon meal and hit a staff member with a tray.

The incident escalated when other inmates returned to their cell blocks. According to *The Denver Post* they kicked doors, broke windows and flooded their cells. State prison SWAT teams were called to the facility to restore order, and the prison was put on lockdown. A guard and an inmate received minor injuries.

Richard Marr, a deputy warden at the Crowley Co. facility, said the prisoners were under a lot of tension because they were far from home. He also noted they were displeased with the prison's no-smoking policy. "If you're a smoker and go to a non-smoking facility, it probably bothers you," he said.

Washington is paying \$51 per prisoner per diem to house its excess inmates at the privately-operated facility, and has sent state corrections employees to the prison to monitor the contract. Washington officials say they intend to move several hundred more inmates to Colorado. □

Sources: *The Rocky Mountain News*, March 7, 1999; *The Denver Post*, March 6, 1999; *Prison Legal News*.

Missouri DOC Refutes Newspaper Article

On Sept. 27, 1998 the *St. Louis Post-Dispatch* published a 12-page report that highlighted deficiencies in privatized prison health care, including 20 cases nationwide in which inmates died due to alleged negligence, understaffing, insufficient training or cost-cutting by medical companies.

Many of these cases involved St. Louis-based Correctional Medical Services, Inc. (CMS), the country's largest correctional health care provider. CMS provides medical services for the Missouri prison system.

In early Feb. 1999 the Missouri Dept. of Corrections released a report criticizing the *Post-Dispatch* article. The 300-page DOC report accused the newspaper of sensationalism and making misleading statements.

In many areas the DOC report explained statements made in the *Post-Dispatch* article without contradicting them. The department also tried to discredit Dr. Kevin Martin, a former CMS medical director who had said in the newspaper article that he quit because the company emphasized reducing costs over providing treatment.

Despite its criticisms the DOC report also proposed changes to help the department monitor its contract with CMS, and to review deaths of prisoners in state facilities.

"Regarding the criticisms leveled at the paper, we have investigated all of the allegations contained in the department's report and stand by our original stories," said Richard K. Weil, executive editor of the *Post-Dispatch*. □

Source: *St. Louis Post-Dispatch*, Feb. 10, 1999.

TN Lawmaker Introduces Private Prison Legislation

Tennessee state Senator Pete Springer has introduced 15 bills to regulate the private prison industry, including several designed to end the practice of incarcerating out-of-state inmates in privately-operated facilities. "I don't think the majority of people from Tennessee realized we were housing prisoners from other states," he said.

Senator Springer presented his bills to the legislative Select Oversight Committee on Corrections on March 11. Gov. Don Sundquist, who has business and financial ties to CCA, indicated he strongly opposes the proposed legislation based on philosophical grounds.

Senator Springer's bills would accomplish the following if passed:

- Prohibit inmates not sentenced to the Tenn. Dept. of Correction from being housed in privatized prisons. Several Select Oversight Committee members questioned whether this would interfere with the Interstate Commerce Clause. But according to a recent opinion by the Tenn. Attorney General, "a statute which strictly prohibits the incarceration of out-of-state inmates in Tennessee may not be necessarily construed as interfering with the Interstate Commerce Act because the incarceration of out-of-state inmates by a private company may not be legal without a lending authority of the sovereign powers of the receiving state."
- Impose a privilege tax of \$10 million on each private prison operating in Tennessee; a separate bill would impose a tax of \$33.33 per inmate per diem on privately-run facilities that house out-of-state pris-

oners. The Select Oversight Committee noted that such taxes would make private prisons inherently unprofitable, which may illegally interfere with interstate commerce.

- Require private prison contractors to reimburse the state for the cost of capturing escapees. Another bill would require private prison contractors to post a \$10 million bond for the capture of escaped inmates.

- Require private prison companies to reimburse state and local authorities for costs incurred due to crimes committed by inmates housed in privately-run facilities.

- Prohibit any contract with a private prison operator if any individual owning more than 5% of the company has been convicted of a felony or fraud within the past ten years. A separate bill would require background checks of private prison employees.

- Terminate the state's contract with CCA to operate the South Central Corr. Center in Wayne County, and return the prison to state control within three months.

Sen. Springer's proposed legislation will next move to the Senate State and Local Government Committee. A separate regulatory bill for privately-operated prisons housing out-of-state inmates has been introduced by members of the Select Oversight Committee (see *PCINB*, Feb. 1999, pg. 5). □

Sources: *The Tennessean*, March 12, 1999; *The Jackson Sun* (TN), March 12, 1999; SOCC comments.

Wackenhut's Woes

Wackenhut has experienced a series of problems at the company's Lea County Corr. Facility in Hobbs, New Mexico.

Three inmates at the privately-operated prison have been implicated in the murder of fellow prisoner José Montoya, who was stabbed to death on Dec. 10, 1998.

Just a month later, on January 11, another inmate was stabbed to death. There have been at least 7 other stabbings at the 1,200-bed facility since it opened in May '98, and New Mexico officials have had to send in state corrections officers to conduct security training.

Last November three Wackenhut employees at the prison lost their jobs and four were reprimanded following an incident involving misuse of force (*PCINB*, Nov. 1998, pg. 6).

"It's pretty clear that this is not a well-run prison and that taxpayers aren't getting their money's worth," said state Sen. Cisco McSorley.

Hobbs Mayor Joe Calderon expressed dismay about the level of violence at the facility. "I'm getting concerned about what's happening in there. Is it going to spill out in the community?" he questioned.

Inmates have filed 45 lawsuits against former Lea Co. warden Al Parke. State District Judge Ralph Gallini said it sometimes takes all day to process the complaints being filed at the Wackenhut facility; he is considering hiring another law clerk. Warden Parke transferred to a prison in Colorado six months after the Lea County facility opened. □

Sources: *The New Mexican*, Jan. 15, 1999; *The Albuquerque Journal*, Jan. 14, 1999; Nov. 19, 1998.