CONSIDERING A PRIVATE JAIL, PRISON, OR DETENTION CENTER?

A RESOURCE PACKET FOR PUBLIC OFFICIALS

South
Texans
Opposing
Private
Prisons

Grassroots
LEADERSHIP

CONSIDERING A PRIVATE JAIL, PRISON, OR DETENTION CENTER?

A RESOURCE PACKET FOR PUBLIC OFFICIALS

HOW TO USE THIS RESOURCE PACKET

This packet is published as a resource guide for public officials, citizens, and journalists in Texas counties that have been approached to build, finance, or operate private prisons, jails, and detention centers. It includes accounts from public officials and experts on prison development on the risks and benefits that a private jail can have on a Texas county or municipality.

What is included in this packet:

We encourage you to review and ask questions about the information provided within this guide. For more information on the guide itself, please contact Bob Libal at blibal@grassrootsleadership.org or (512) 482-8842.

For information on the Correctional Law Reporter article, contact its author Michele Deitch at mydeitch@aol.com or (512) 328-8330. The Correctional Law Reporter article is re-printed with permission from its publisher, the Civic Research Institute.

For more information on prison financing, contact Sean Chadwell at schadwell@tamiu.edu or (956) 326-2471.

This guide is available online at www.grassrootsleadership.org and www.stoppcoalition.org.

Correctional Law Reporter[1]
(August/September 2004 Issue)

Column: From the Literature

By Michele Y. Deitch*

Prisons and Economic Development

THE PRISON INDUSTRY: CARCERAL EXPANSION AND EMPLOYMENT IN U.S. COUNTIES, 1969-1994

Gregory Hooks, Clayton Mosher, Thomas Rotolo, & Linda Lobao
85 (1) Social Science Quarterly 37-57 (March 2004)

One of the most widely-shared assumptions about prisons in the United States is that they provide an economic boost to the communities in which they are located. In recent years, local public officials have adopted a "yes, in my backyard" approach to prison siting in hopes of providing additional jobs in their communities. The lengths to which these promoters of prison expansion will go in the name of economic development is quite extraordinary: I will never forgot the bizarre spectacle in which representatives of the Beeville, Texas Chamber of Commerce dressed in bee costumes to pitch their case for a new prison to corrections board making siting decisions! But reliance on the economic development argument is not limited to those in favor of new prisons: opponents decry the fact that economic growth hinges on the ever-increasing and unnecessary levels of incarceration. The potential that new prisons and jails represent for local economic development helps sustain the "prison-industrial complex."

There is just one problem with this economic development argument: it turns out to be wrong. The assumption that new prisons improve a community's economic growth has not been rigorously tested until now. This study, conducted by four sociology professors with no apparent stake in the prison debate, is the first comprehensive and longitudinal assessment of the impact of prison construction on the economic growth of local communities. And the researchers conclude, quite stunningly, that there is "no evidence that

---

* Michele Deitch is an attorney and criminal justice policy consultant based in Austin, Texas. Her firm, the Center for Criminal Justice Initiatives, works with policy-makers and agencies around the country on systemic criminal justice problems, including prison and jail overcrowding, institutional conditions, alternatives to incarceration, and sentencing reform. She can be reached by telephone at (512) 328-8330 or by e-mail at MYDeitch@aol.com. Suggestions for items to review are appreciated.

prison expansion has stimulated economic growth." What's more, they provide evidence that in slow-growing counties, new prisons do more harm to the economy than good.

The researchers examined data on all new and existing prisons in the United States since 1960 and evaluated the impact of these institutions on the pace of economic growth in these counties from 1969 to 1994. As measures of economic growth, they looked at both public and private job growth (both short-term during the construction phase and long-term once the facility is operational), the unemployment rate, per capita income, and median family income, as well as other factors. Using multivariate analyses and other rigorous methodology, the authors were able to control for other variables that may have influenced a county's economic situation.

Their findings are significant and unequivocal. The research reveals that prisons have *not* played a prominent role in economic growth in either metropolitan or rural counties. Moreover, new prisons actually *impeded* private and total economic growth in depressed rural counties. Contrary to the widely held beliefs about this subject, there was no evidence at all that prisons helped to lower unemployment rates, raise median family incomes, or increase earnings.

The study attributes the counter-intuitive finding about prisons impeding growth in rural counties to the fact that prison construction often limits alternative economic activity. As the authors explain:

> With communities competing to attract prisons, corrections bureaucracies are shifting infrastructure costs to local governments. Communities are being forced to supply prisons with "electrical services, roads, and the other things to construct and operate a facility"….Under these pressures, rural counties desperate for jobs are diverting large portions of limited infrastructure budgets to support a correctional facility and adapting a limited infrastructure to the needs of a (new or existing) prison. As a result, the infrastructure may be ill suited for other potential employers, and local governments have few funds left for other investments in the local infrastructure. (p. 54)

The researchers note that their findings are consistent with some other studies that have evaluated the impact of the closure of military bases on local economic growth. These studies have found the closures not to be the disaster that was feared; in fact, in some instances, military base closure promoted faster economic growth for a community.

This short and fairly accessible study is extremely important and deserves attention and debate in all quarters, from state and local policy-makers to corrections officials to local business leaders. It is rare to find social science research that so disabuses us of our widely-held beliefs and that contains such clear policy implications. I would encourage all readers to disseminate this piece broadly.

HIGHLIGHTS OF PRIVATE PRISON SCANDALS IN TEXAS

PREPARED BY MICHELE DEITCH,[1] MARCH 2003

INFORMATION UPDATED BY BOB LIBAL,[2] MARCH 2005

Texas's experience with the privatization of prisons, jails, and detention facilities has been far from an unqualified success. Voluminous evidence suggests that private prisons correlate with decreased security, inadequate staff training and equipment, inadequate protection of prisoners' human rights, degrading prison conditions, and poor employment standards. Newspaper reports are replete with accounts of escapes, abuse of inmates, and financial mismanagement. Every private prison operator has experienced these problems. Following are summaries of some of the most-publicized scandals and the dates they were reported:

- **Ben Reid Community Correctional Facility (Houston, TX) — Cornell**
  - director of employee training at this halfway house for paroled felons indicted for intent to distribute drugs (2004)
  - seven employees resign after testing positive for drug use (2004)

- **Bi-State Jail (Texarkansas, TX) — CiviGenics**
  - a former CiviGenics jailer is arrested for violating the civil rights of a female inmate; the jailer is accused of sexual activity with a person in custody (2005)
  - three inmates, including a murder suspect, escape and are loose for 28 hours (2004)

- **Bill Clayton Detention Center (Littlefield, TX) — CSC**
  - two Wyoming inmates escape from the Bill Clayton Detention Center; four people, including two CSC guards, are arrested for helping the inmates escape (2004)

- **Bradshaw State Jail (Henderson, TX) — MTC**
  - an inmate sues an MTC guard for maliciously slamming a door on his fingers causing two fingertips to be severed and showing indifference to the resulting medical condition (2003)

---

[1] Michele Deitch is an attorney and independent criminal justice policy analyst who has served as General Counsel to the Texas Senate Criminal Justice Committee. She may be reached at (512) 328-8330 or MYDeitch@aol.com. Information provided in this document comes primarily from news stories compiled and maintained by the Florida Police Benevolent Association.

[2] Bob Libal is an organizer and researcher with Grassroots Leadership Texas in Austin. He may be reached at (512) 482-8835 or blibal@grassrootsleadership.org.

- **Brazoria County Detention Center (Angleton, TX) — CCRI**
  - guards made a training video of themselves beating, stun-gunning, and unleashing dogs on naked prisoners from Missouri; injured inmates were dragged face down back to their cells (1997)
  - hired convicted felons as guards (1997)
  - typical menu was inadequate and inappropriate (1997)

- **Brooks County Detention Center (Fallfurrias, TX) — LCS Corrections**
  - immigrant detainee escapes from Brooks County Detention Center; the resulting manhunt involves over 100 officers from the Brooks County Sheriff's Department, Department of Public Safety, Border Patrol, Texas Department of Criminal Justice, and the local fire department (2004)

- **Coke County Juvenile Justice Center (Bronte, TX) — Wackenhut/Geo Group**
  - several girls were sexually, physically, and mentally abused by Wackenhut employees, including a man with prior conviction for sexual abuse of a child; a lawsuit settled for $1.5 million (1999)
  - 15-year old female victim of sexual assault by Wackenhut employee committed suicide in wake of lawsuit settlement that allowed company to avoid accepting responsibility (1999)
  - TYC confirmed allegations that some staff members manipulated a "demotion/graduation" system to coerce girls into giving them sexual favors or dancing naked in front of them; some girls were raped or fondled, while others were made to disrobe and shower in the presence of male employees (1995)

- **Cornell Corrections**
  - class action lawsuit filed alleging violations of the Securities Exchange Act, and claiming company issued favorable but false and misleading statements about the Company's business (2002)
  - company had to restate earnings because of an innovative off-the-books transaction that violated the same SEC rules that exposed Enron's partnerships (2002)

- **Corrections Corporation of America**
  - daylong riot in which shotgun-toting guards clashed with 400 boisterous prisoners at a low-security facility and at least 17 people were hurt (Eden Detention Center-1996)
  - two escapes followed by a high-speed car chase (Bartlett State Jail--2000)
  - pulled out of a pre-release prison, citing a disagreement with the local school board over money owed in lieu of taxes (Cleveland Pre-Release Center—1998)
  - 23 inmates and 6 staff contracted *e-coli* due to poor kitchen hygiene (Mineral Wells Pre-Parole Facility--2000)

- **Dickens County Correctional Facility (Spur, TX) — Bobby Ross Group**
  - Montana inmates housed here went hungry and had to wait days for medical care (1997)
  - company does not fully comply with 15 of 22 provisions of the contract with the state of Montana; violations include food service, medical care, security, inmate transfers and disciplinary actions, according to a report by Montana prison officials (1997)
  - one inmate is killed in a brawl, a near-riot had to be halted by gunfire from guards, a warden was fired, and two Montana escapees remain on the loose (1996-97)

- **Frio County Detention Center (Pearsall, TX) — CSC**
  - five federal inmates with ties to the Mexican Mafia escape; it is the fifth escape involving a total of 14 inmates since 1996 at the facility (2004)
  - the U.S. Marshals pull their remaining inmates from the prison citing security concerns (2004)

- **LaSalle County Regional Detention Center (Encinal, TX) — Emerald**
  - speculative jail is built using nearly $22 million in high-yield revenue bonds issued by county's public facilities corporation; county starts project losing money after it can't fill all 540 beds (2002)
  - backers of the controversial jail sue the top official in LaSalle County claiming he interfered with a $25 million contract to build the facility (2003)

- **Liberty County Jail (Liberty, TX) — CCA**
  - three prisoners escape after overpowering a guard; two guards are fired for violating jail policy which lead to the escapes (2004)
  - four escapes (1995-99)

- **McLennan County Detention Center (Waco, TX) — CiviGenics**
  - an guard is indicted for having sex with a female inmate (2004)
  - escape of a prisoner who is charged with killing a woman while he was a fugitive and arrest of a guard charged with facilitating the escape (2001)
  - resignations of four top detention center officials (2001-02)
  - an inmate disturbance and fire (2001-02)
  - failed jail inspection (2002)

- **Reeves County Detention Center (Pecos, TX) — Wackenhut/Geo Group**
  - Arizona inmates stage fights and go on hunger strikes in order to be transferred back to Arizona (2004)

- **Tarrant County Community Corrections Facility (Mansfield Boot Camp) (Fort Worth, TX) — CSC**
  - company ordered to pay $38 million in death of 18 year-old inmate who died of pneumonia (2004)
  - nurse is convicted of negligent homicide in inmate death (2002)
  - accusations of sexual misconduct by male guards against female inmates plague the camp since its opening in 1992. The facility has also endured accusations of staff shortages and questions of proper medical care. (2001)
  - lawsuits filed about sexual abuse charges; Sen. Chris Harris testifies against company saying it was "cutting corners" because of the "corporate bottom line." (2001)
  - Tarrant County cancelled its contract with CSC (2001)

- **Texas Commission on Jail Standards (Austin, TX)**
  - Commission's deputy director was moonlighting as a consultant for a private company (Bobby Ross Group) that operates jails regulated by the commission, including the Dickens County Facility to which he gave a clean bill of health. Neither he nor the Commission's executive director saw a conflict between the two positions. Gov. Bush fired the deputy director. (1997)

- **Travis County State Jail (Austin, TX) — Wackenhut**
  - 11 former guards and a case manager are indicted on felony charges of sexual assault and improper sexual activity and misdemeanor charges of sexual harassment (1999)
  - TDCJ retakes control of the facility (1999)

- **Willacy County State Jail (Raymondville, TX)—Wackenhut**
  - following an escape, TDCJ learns that electronic sensors on the perimeter fence had not worked since the facility was built, six to eight of the security television monitors were inoperable, and a perimeter patrol officer was sleeping in a car the night of the escape. (2001)

- **Willacy County Adult Correctional Facility (Raymondville, TX) — MTC**
  - two Willacy County Commissioners resign after being indicted for receiving kickbacks during the construction of the Management and Training Corporation federal prison project (2005)
  - State Senator Eddie Lucio, Jr. suspends his consulting work with three companies, MTC, Corplan, and Aguirre Corp., associated with the prison project (2005)

Many of these cases were compiled from the website of the Private Corrections Institute. Many more details about these and many other incidents as well as cites to the relevant newspaper articles may be found at: **http://www.flpba.org/private/texas.htm**

RENT-TO-OWN JAILS:

PUBLIC FINANCING OF PRIVATE PRISONS IN TEXAS

BY DR. SEAN CHADWELL[1]

Many counties and cities throughout Texas—and, indeed, in states throughout the South—have paid for the construction of jails and detention centers in recent years by means of a procedure known as "leaseback" or "lease-purchase" financing.

Proponents of this kind of financing are quick to note that it presents few risks to the county or city involved, that local officials can borrow as much as they want without a challenge from voters, and that the debt can only be repaid by project revenue. If jails stop generating revenue, they often insist, the local government can simply "walk away."

Proponents also stress the ease of leaseback financing. However, such deals are often complex and involve a number of agents and transactions. Because the entire financing package—sometimes down to the very ordinances and resolutions passed by local officials—is prepared by those who will profit from the financing, it is often presented to officials as a matter of signatures and routine approvals: sign this, initial that, and, *voila*!

At the very least, local officials should remember that such transactions are part of a complex business deal involving the local government, financiers, construction companies, engineers, and lawyers. The few paragraphs that follow will outline the basic, common elements of such transactions. The closing will identify some of the more serious risks involved in such financing.

At the heart of leaseback financing is a simple fact: detention and correctional facilities are liabilities. They grow old, become obsolete, are expensive to build and maintain, and are expensive to insure. They are, in short, not an attractive investment to private prison companies whose profit comes from *running* jails*,* not from *owning* them. So private operators naturally seek counties and cities willing to assume that liability.

And, let's face it, counties are looking for economic growth and jobs. Despite ample evidence to the contrary, many local officials, especially in rural areas, continue to believe that prisons contribute to growth. This makes local officials willing to assume the liability of ownership of a prison, especially when they are not aware of the risks.

[1] Dr. Sean Chadwell is a city council member in Encinal, Texas and an associate professor of English at Texas A&M International University in Laredo.

Finally, there are those who profit not from the operation of such facilities, but from their financing and construction. Such projects tend to yield very high returns for the banks that issue the bonds, for the lawyers who "represent" the city or county throughout the transaction, for consultants who write resolutions and keep files in order, and for the construction companies that build the facilities.

How does it work? The county or city creates—if it does not already exist—a "Public Facility Corporation," a kind of board of directors that can mirror the local government. This PFC, with the help of all the folks in the above paragraph, issues tens of millions of dollars in "Revenue Bonds" that will be used to build a prison (and pay all the people involved in issuing the bonds—sometimes as much or more than 10% of the total issue). The PFC then "leases" its new prison to the local government, who will use revenue from housing prisoners for the federal government or other states to pay its lease. After decades of lease payments, the County or City will own the facility.

WHAT IS A PUBLIC FACILITY CORPORATION?

A "PFC" OR "TEXAS 303" (FOR THE CHAPTER OF THE LOCAL GOVERNMENT CODE THAT ENABLES GOVERNMENTS TO CREATE THEM) IS SIMPLY A NON-PROFIT CORPORATION CREATED BY—AND DEPENDENT UPON—A SPONSORING ENTITY, SUCH AS A CITY OR COUNTY GOVERNMENT. THE SPONSORING AGENCY APPROVES THE BY-LAWS AND APPOINTS THE BOARD OF DIRECTORS, SOMETIMES ELECTING TO "MIRROR" ITSELF AS THE PFC BOARD.

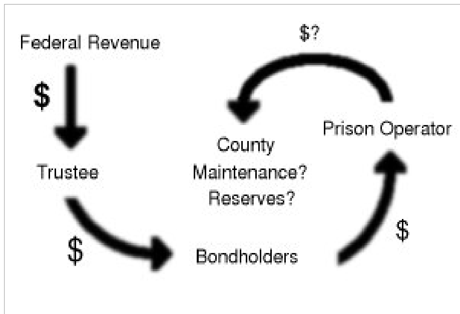
PFCS WERE NOBLY IMAGINED: THEIR ROLE IS TO ISSUE BONDS OR BORROW MONEY FOR PROJECTS THAT WILL GENERATE REVENUE—TECHNICAL SCHOOLS, COMMUNITY COLLEGES, INDUSTRIAL PARKS, SPORTS FACILITIES, ETC. IN THEORY, IF THE PROJECTS FAIL, THE PFC—AND NOT ITS SPONSOR—IS THE ONE TO DEFAULT, PROTECTING THE LOCAL GOVERNMENT FROM THE IGNOMINY OF UNPAID DEBT. IN PRACTICE, HOWEVER, BOND-RATING AGENCIES HAVE NOT DISTINGUISHED BETWEEN PFCS AND THEIR SPONSORS.

IN RECENT YEARS, FINANCIERS, BUILDERS, AND OPERATORS OF PRISONS AND DETENTION CENTERS HAVE WORKED WITH LAWYERS TO DO ALL THE WORK OF CREATING PFCS ON BEHALF OF LOCAL GOVERNMENTS—FROM WRITING THE BY-LAWS, TO POSTING THE AGENDAS, EVEN TO SCHEDULING THE MEETINGS. ONCE THAT PFC IS IN PLACE, IT CAN ISSUE THE BORROW THE MONEY TO BUILD A PRISON AND PAY FOR ITS OWN CREATION. THE FINANCIERS, BUILDERS, OPERATORS, AND LAWYERS ALL PROFIT. THE LOCAL GOVERNMENT BELIEVES IT FINANCED A PRISON WITH NO RISK AND NO WORK.

The County, however, doesn't handle any of the money. Because there are investors involved, a trustee handles income and expense, receiving the revenue from prisoner housing, and in turn making the "lease" payments, which are actually the scheduled paybacks to investors.

The trustee also handles other parts of the business arrangement, paying the prison operator out of the remaining revenue and filtering anything left over into a series of accounts. Sometimes these are "reserve" accounts meant to fund future repairs. Sometimes they're "county fee" accounts, wherein the parties involved in the deal have offered to pay the county a set fee (often around $2) per prisoner, per day.

Local governments rarely see these fees, and reserve accounts rarely accumulate funds: the revenue stream often won't make it this far. After paying investors—usually at high interest (10-12% in my county, La Salle!)--and prison operators who charge a fixed rate, no matter how many beds are filled, little if any is left to pay the "county fee." Less still to put in reserve.



The Revenue Stream

Why is reserve important? Because the local government, remember, is "renting to own," over twenty years or more. Costs for maintenance and repair are borne by the local government, not the prison company or bond bank. If the air conditioning fails, or the roof needs to be repaired, or the pipes freeze, money won't be there in reserve. That means more bonds and more time in debt.

And what if, fifteen years into payback, you're not renting the number of beds you once could. Project supporters will tell you that, because a "PFC" and not the local government itself borrowed the money, the local government can just walk away with no repercussions. "The worst that can happen" they say, "is that the investors will own the facility." The truth is that bond-rating agencies do not distinguish between a local government and its "PFC." In other words, a "PFC" will not shield your county or city from a poor bond rating.

Finally, what happens when crimes are committed inside facilities like these? It becomes the responsibility of the local government to investigate and prosecute those crimes, at its sometimes significant cost. In the case of riots or other emergencies requiring emergency personnel, a city or county can lose in a day what it earned in a year of "county fee" payments.

In sum, as with any kind of business proposal, there *are* risks, some quite significant, to financing jails and detention centers. At the very least, local government officials should always bear in mind that the financiers, engineers, lawyers and operators who back these kinds of projects are salespeople, there to profit from construction and operation of such facilities. This does not mean you can't trust them, of course; it just means that, no matter how many times they say it does, you don't forget that money doesn't grow on trees.

Case Studies of Jail Expansion Scandals in Texas

The following are three case studies of Texas counties that have built jail space with negative consequences. The information in this document is taken from news reports and documentation for all information is provided at the bottom of each page.

Case Study: Frio County Detention center

Location: Pearsall, Texas
Operator: Correctional Services Corp.
Capacity: 391 beds

Controversy:

In August 2004, five federal inmates escaped in broad daylight from a Frio County jail operated by Florida-based private prison operator Correctional Services Corporation. At least one of the inmates was identified as a high-ranking member of the gang Mexican Mafia.[1]

Pearsall's mayor, Roland Segovia, told reporters that the escape was the sixth escape in eight years at the Pearsall detention center involving 15 inmates. Only one of those 15 inmates was caught, Segovia said.[2]

Just one month before the August escape, the CSC facility was cited by the Texas Commission on Jail Standards for understaffing and overcrowding. The citation included housing some inmates in a classroom.[3]

Just days after the escape, the U.S. Marshals announced that they were pulling all 240 inmates from the facility. Gene Diaz, assistant chief deputy for the Marshal's South Texas District, told the San Antonio Express-News that the agency had no plans to return inmates to facility citing flaws in CSC's management of the facility.[4]

In June 2005, Travis County (Austin) agreed to send 100 prisoners to the Frio facility to alleviate over-crowding issues. However, news reports indicated that public officials were concerned about the movement of prisoners after learning of CSC's troubled track record.[5]

---

1 "5 escape private Texas prison," Associated Press, August 7, 2004.
2 "Jail break prompts big changes," WOAI.com, 8/10/2004. Available at www.woai.com/news/local/story.aspx?content_id=6CAB08ED-2A8F-4DD6-A342-14D501786B15.
3 "Frio County jail's record not so clean," Austin American Statesman, June 28, 2005.
4 "Federal inmates yanked in escape's wake," San Antonio Express-News, August 8, 2004.
5 "Frio County jail's record not so clean," Austin American Statesman, June 28, 2005.

Case Study: Reeves County Detention Center III

Location: Pecos, Texas
Owner: Reeves County Detention Trust Center
Operator: Geo Group, Inc. (Formerly Wackenhut Corrections)
Capacity: 960 beds (the entire Detention Center is about 3,000 beds)
Estimated Cost: $49.5 million
Source of Capital: Taxable Certificates of Participation issued by the Reeves County Detention Trust

Controversy: Reeves County built a $40 million, 960-bed expansion to its Reeves County Detention Center. The expansion, titled Reeves County Detention Center III, was the third phase of the detention center's expansion. RCDC I and II hold about 1,000 prisoners each on contracts from the Federal Bureau of Prisons and the U.S. Marshals Service.

The county could not attract federal prisoners to fill RCDC III. In summer 2003, County Judge Jimmy Galindo wrote a letter to President Bush urging him to intervene with federal prisoners. Federal officials repeatedly claimed that they made no assurances to the county that they would be able to provide the facility prisoners. By the end of August, the county was at risk of defaulting on its bond note and owed $475,000 on its first payment.[1]

The county then hired Randy DeLay, brother of House Majority Leader Tom DeLay, to lobby the Federal Bureau of Prisons to place prisoners in RCDC III. DeLay was paid $120,000 for his unsuccessful lobbying efforts.[2]

In September and November the county's bond rating was downgraded twice to a 'CCC' rating. Anything below a BB rating is considered a junk bond. A Fitch rating analyst said that the county was at a serious risk of defaulting on its bond agreement.[3]

In November 2003, the county signed a 10 year agreement with Wackenhut Corrections (which then became The Geo Group) which handed over management operations to the detention center. Wackenhut immediately fired 91 of the county's 435 employees.[4]

In March 2004, Geo Group announced a contract to ship inmates from the over-crowded Arizona Department of Corrections to RCDC III. The contract stipulated that up to 865 Arizona inmates could be held at the facility.[5]

In May 2004, the RCDC III was back in the news. Up to 240 Mexican nationals under control of the Arizona Department of Corrections and being held at RCDC III performed hunger strikes and staged fights to be transferred out of the facility.[6]

---

1 "Reeves County needs inmates to make payments on prison," Associated Press, August 29, 2003.
2 "County studies four options for filling RCDC III," Pecos Enterprise, July 31, 2003.
3 "Ratings group downgrades Reeves prison bonds again," Associated Press, November 10, 2003.
4 "91 to lose jobs as jail oversight changes," Associated Press, November 7, 2003.
5 "RCDC unit will hold inmates from Arizona," Odessa American, March 9, 2004.
6 "Some inmates sent to Texas agitate to return to Arizona," Arizona Daily Star, May 2, 2004.

Case Study: Willacy County Adult Correctional Facility

Location: Raymondville, Texas
Operator: Management and Training Corp.
Capacity: 540 beds
Estimated Cost: $23.9 million
Source of Capital: Willacy County Public Finance Corporation

Controversy: Three south Texas officials have pled guilty to accepting bribes in return to their support for a private jail in Willacy County. The investigation into the bribery scheme is ongoing and more indictments are expected.[1]

The jail, a 540-bed prison contracting with the U.S. Marshals Service, was built in 2002 using $23.9 million in revenue bonds issued by the Willacy County Public Finance Corporation. The Management and Training Corporation, a Utah-based private prison operator, was awarded a $43 million contract to operate a private jail containing in Raymondville, Texas.[2]

In January 2005, two Willacy County Commissioners resigned their posts and plead guilty to receiving kick-backs in conjunction with the private jail project. The Commissioners, Israel Tamez and Jose Jimenez, were found guilty of accepting $10,000 in bribes from companies connected to the project in return for their votes in favor of the project.[3]

In March 2005, a third south Texas official pled guilty to funneling money from a private prison developer to the former Willacy County Commissioners. The ex-Commissioner, David Cortez of Webb County, resigned his position and pled guilty to conspiring to "obstruct, delay and affect commerce." Prosecutors allege that Cortez helped funnel at least $39,000 to "several" Willacy County commissioners from a yet-unnamed company involved in the jail's development. Cortez is said to be co-operating with the ongoing FBI investigation into the matter.[4]

According to news reports, three companies – prison developers CorPlan Corrections LTD and Aguirre Inc. and the Utah-based prison operator MTC – were the companies involved in the contract. Officials are not commenting on which of these companies may have been involved in the bribery scandal.[5]

In late May, 2005, Willacy County sued two of the companies involved in the contract – CorPlace Corrections and Hale-Mills – in state district court claiming that the companies conspired to bribe the commissioners to win the contract to build the prison.[6]

---

[1] "Federal judge resets sentencing of former Willacy Commissioners," Valley Morning Star, April 9, 2005.
[2] "Marshals service award contract for 500-person prison," Associated Press, May 17, 2002.
[3] "Ex-Webb Commissioner guilty in bribery case," San Antonio Express-News, March 25, 2005.
[4] IBID.
[5] IBID.
[6] Associated Press, Fort Worth Star-Telegram, May 18, 2005.