

# Private prisons back Trump and could see big payoffs with new policies

Fredreka Schouten, USA TODAY Published 1:10 p.m. ET Feb. 23, 2017 | Updated 11:25 p.m. ET Feb. 23, 2017



(Photo: Charles Reed, U.S. Immigration and Customs Enforcement, via AP)

WASHINGTON — Private prison companies, which stand to make big gains under [President Trump's](#) tough new immigration orders, also have contributed big sums to pro-Trump groups, including the organization that raised a [record \\$100 million \(/story/news/politics/2017/01/20/donald-trumps-inaugural-committee-raises-record-100-million/96855848/\)](#) for his inauguration last month.

[GEO Group](#), one of the nation's largest for-profit prison operators, donated \$250,000 to support Trump's inaugural festivities, Pablo Paez, the company's vice president of corporate relations, told USA TODAY.

That's on top of the \$225,000 that a company subsidiary donated to a super PAC that spent some \$22 million to help elect the real-estate magnate. Another prison operator, CoreCivic, gave \$250,000 to support Trump's inauguration, recently filed congressional reports show.

For-profit prison companies' hopes for significant gains under the Trump administration already are coming to fruition. On Thursday, the Justice Department rescinded an Obama administration order to phase out the use of private-prison contracts in the federal Bureau of Prisons.

Earlier this week, the Department of Homeland Security issued [sweeping new instructions \(/story/news/nation/2017/02/21/donald-trump-homeland-security-issues-deportation-memos/98190192/\)](#) to carry out Trump's executive orders on immigration. They require all federal agents — including Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) — to identify, capture and quickly deport undocumented immigrants.

Significantly for private-prison operators, the orders also require that undocumented people caught entering the country be detained until their cases are resolved, ending the "catch and release" program in which undocumented immigrants were processed by immigration agents, released into the USA and ordered to reappear for court hearings.

The new directives call for construction of more jails along the southwest border to accommodate the additional detainees. About 65% of Homeland Security detainees last year were held in privately run facilities.

## Bright outlook for private prisons

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"The ICE picture bodes well for the private prisons," said Michael Kodesch, a vice president at [Canada's Sensi](#), who tracks the industry's financial performance.

### [President Trump: A new era in Washington begins](#)

Officials with both companies say they do not push policies that would increase prison populations.

In an email, Paez said GEO's political activities "focus entirely on promoting the issue of public-private partnerships" and said the company "does not take a position on or advocate for or against any specific criminal justice, sentencing or immigration policy."

Jonathan Burns, CoreCivic's director of public affairs, said the inaugural donation reflected the company's long-standing civic involvement in presidential inaugurations. The company, formerly known as Corrections Corporation of America, did not donate to presidential candidates in 2016, he noted.

The company, he added, has a "strict policy" against advocating for policies that would affect "the cause, the basis for or duration of an individual's incarceration or detention."

In recent conference calls with investors and analysts, the leaders of both firms noted the potential for growth under the new administration. After Trump signed executive orders to increase immigration enforcement, CoreCivic CEO [Damon Hininger](#) told investors that his Nashville, Tenn., company expected a boost in business.

## PRISON STOCK REBOUNDS

Daily stock price of the GEO Group, one of the largest private prison operators in the U.S.:

**Aug. 18**

President Obama's Deputy Attorney General Sally Yates released a memo saying the Federal Bureau of Prisons should phase out its use of federal prisons.

Stock value: **\$19.51**



Bloomberg; USA TODAY research

Credit: Karl Gelles and George Petras, USA TODAY

"When coupled with the above-average rate of crossings along the southwest border, these executive orders appear likely to significantly increase the need for safe, humane and appropriate detention bed capacity that we have available," Hininger said.

The industry has seen a tumultuous few months.

Share prices for privately run prison companies plummeted last August when the Obama administration's deputy attorney general, [Sally Yates](#), announced the federal government would phase out contracts with privately run facilities used by the Federal Bureau of Prisons, although the move did not cover facilities used by Immigration and Customs Enforcement.

## Stock prices jump

Industry stocks moved higher after the election of Trump, who made increasing immigration enforcement a cornerstone of his presidential campaign. Kodesch said stocks continued their upward climb when the Senate confirmed immigration hardliner [Jeff Sessions](#) as attorney general on the belief that he would overturn the Yates order.

On Thursday, Sessions' Justice Department did just that, telling the Federal Bureau of Prisons that the memo backing away from private prisons "impaired the Bureau's ability to meet the future needs of the federal correctional system" and would be set aside.

Critics, such as Vermont Sen. Bernie Sanders, said the new administration was rewarding donors by rescinding the Obama administration's directive.

White House officials on Thursday night said the decision was made with the help of career officials at the Justice Department and done solely to give the Bureau of Prisons flexibility to manage its population.

The federal system now has 12 private-prison contracts, housing about 21,000 inmates altogether, according to the Justice Department.

"Year-to-date, the stocks were up collectively 37%" after Wednesday's stock market close, Kodesch said. "There's a lot of growth opportunities."

### Read more:

[CoreCivic poised for growth under Trump after rocky 2016](#)

(<http://www.tennessean.com/story/money/2016/12/25/corecivic-poised-growth-under-trump-after-rocky-2016/95389284/>)

Corporations gave millions to Donald Trump inauguration  
(<http://www.usatoday.com/story/news/politics/2017/02/17/corporations-gave-millions-donald-trump-inauguration/98056554/>)

Donald Trump's inaugural committee raises record \$100 million  
(<http://www.usatoday.com/story/news/politics/2017/01/20/donald-trumps-inaugural-committee-raises-record-100-million/96855848/>)

Donations from a GEO Group subsidiary, GEO Corrections Holdings Inc., to the pro-Trump super PAC, [Rebuilding America Now](#), included a \$100,000 check received Aug. 19, the day after the Yates memo calling for the phase-out of private-prison contracts.

The super PAC was founded with help from longtime Trump ally, California private-equity investor [Tom Barrack](#), who also oversaw the inaugural committee's work and fundraising. Another top fundraiser for Trump's campaign and inauguration, Florida lobbyist Brian Ballard, [recently signed GEO Group](#) ([/story/news/politics/onpolitics/2017/02/15/pro-trump-lobbyist-lands-big-clients-new-dc-office/97970168/](http://www.usatoday.com/story/news/politics/onpolitics/2017/02/15/pro-trump-lobbyist-lands-big-clients-new-dc-office/97970168/)) as a client for his new Washington lobbying office.

Super PACs can accept donations of any size. The organizers of the inaugural committee capped donations at \$1 million apiece. The inaugural group does not have to disclose a full list of funders or detail its spending until April.

### PRISON STOCK REBOUNDS

Daily stock price of the GEO Group, one of the largest private prison operators in the U.S.:



**\$47.75**

**\$34.84**

Next

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Credit: Karl Gelles and George Petras, USA TODAY

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