

2019 DATA BRIEF

The Wall Street Banks Still Financing Private Prisons

BACKGROUND

Under the Trump administration, the number of immigrants detained by the US government has skyrocketed.¹ Nearly 75% of those detained are held in private prisons,² whose stock prices have soared against the backdrop of Trump's zero-tolerance and family separation policies.³ However, private prison companies are not the only corporate actors being enriched. A groundbreaking 2016 report by In the Public Interest documented how major Wall Street banks finance the multibillion-dollar private prison industry's two major players: CoreCivic and GEO Group. Wall Street banks provide loans and other financing agreements that are vital to the expansion of the private prison industry. GEO Group and CoreCivic depend on debt financing—in the form of credit, loans, and bonds—to support their day-to-day business operations and to grow their business (e.g. to build new facilities or expand into areas like drug abuse rehabilitation).⁴ In return, Wall Street banks receive millions of dollars in interest and fees from private prisons.⁵

Several Major Wall Street Banks Severed Ties with Private Prisons in 2019

2019 has been a pivotal year in the movement to stop banks from financing GEO Group and CoreCivic. While Wall Street banks have financed the private prison industry for decades, and have been under pressure from advocates to stop providing the industry with this critical lifeline for many years, Trump's election and the rapid adoption of anti-immigrant policies brought greater visibility to private prisons and the banks that finance them. This visibility increased substantially during the family separation and detention crisis in June 2018, when a broad array of organizations joined forces under the banners of #FamiliesBelongTogether and #BackersOfHate. This coalition specifically called on JPMorgan Chase and Wells Fargo to stop financing private prisons.

After years of coordinated action, shareholder resolutions, public pressure, and a February 2019 pledge by Rep. Alexandria Ocasio-Cortez to hold oversight hearings on banks "investing in and making money off of the detention of immigrants,"⁶ JPMorgan Chase and Wells Fargo agreed to sever ties with the private prison industry. In a March 2019 statement JPMorgan Chase announced, "We will no longer bank the private-prison industry."⁷ Shortly after, Wells Fargo CEO Tim Sloan confirmed in testimony to the House

Financial Services Committee that the bank was exiting its financing arrangements with private prisons. Sloan indicated the bank would not be pursuing future financing.⁸

Many Wall Street Banks Still Finance Private Prisons

In light of JPMorgan Chase and Wells Fargo's recent announcements, this data brief provides comprehensive data on the banks still currently financing GEO Group and CoreCivic. Wall Street financiers provide the private prison industry with three key types of financing:

- **Lines of Credit:** GEO Group and CoreCivic both have an agreement with a syndicate of banks for a revolving line of credit. The private prison companies can borrow and repay funds when they choose, up to the credit limit.
- **Term Loans:** GEO Group and CoreCivic both have an agreement for a term loan, which allows them to borrow a set amount from a set of banks that must be repaid on an agreed-upon schedule.
- **Bonds:** GEO Group and CoreCivic issue corporate bonds which are underwritten by a syndicate of banks. The banks buy all the bonds and resell them on the secondary market.

These financing tools have enabled private prisons to expand their business, including building new facilities, acquiring smaller companies, and paying for day-to-day business operations, while securing additional lucrative government contracts.⁹ Additionally, private prison companies depend heavily on debt financing because they are structured as real estate investment trusts, or REITs. This structure requires them to pass on income to investors, limits the amount of cash that they have on hand, and forces them to rely on borrowing.¹⁰



KEY FINDINGS

Based on an analysis of GEO Group and CoreCivic’s most recent Securities and Exchange Commission (SEC) 2018 filings,¹¹ we find:

- Wall Street banks currently have credit arrangements of **\$2.692 billion** with CoreCivic and GEO Group. This figure includes \$1.7 billion in lines of credit and \$992 million in term loans. Through these agreements, the companies regularly tap the banks as sources of credit to support their operations and expansion.
- Only three banks are part of the revolving line of credit and term loan facilities for *both* private prison companies: Bank of America, SunTrust, and JPMorgan Chase. In March 2019, JPMorgan Chase committed to no longer provide financing to the private prison industry.
- **Bank of America** is the only top 6 US bank that is currently lending to private prison companies and has not committed to ending its financing relationships with the industry (like JPMorgan Chase, Wells Fargo has said that it is in the process of exiting its relationships with the industry). It is unknown whether the other three top 6 banks—Citigroup, Goldman Sachs, and Morgan Stanley—have policies in place that restrict lending to the private prison industry.¹²
- Additionally, Wall Street banks have underwritten **\$2.666 billion** in current GEO Group and CoreCivic corporate bonds that have not yet reached maturity. Whenever the private prison companies issue this kind of debt, they rely on Wall Street banks to create and market the bonds to investors.

SUMMARY TABLE: KEY BANKS PROVIDING FINANCING TO CORECIVIC AND GEO GROUP

Banks	CoreCivic		GEO Group		Public commitment to no longer finance?
	Line of credit and term loan	Bonds	Line of credit and term loan	Bonds	
Bank of America	x-Lead*	x	x	x	NO
SunTrust	x	x	x	x	NO
JPMorgan Chase	x	x	x	x	YES
Wells Fargo		x	x	Trustee	YES
Barclays		x	x	x	NO
BNP Paribas			x-Lead*	x	NO
Regions	x	x		x	NO
Fifth Third	x	x		x	NO
Citizens	x	x			NO
PNC	x	x			NO
Pinnacle Bank	x				NO
First Tennessee Bank	x				NO
Synovus Bank	x				NO
US Bank		Trustee			NO

*Lead indicates the bank serves as an administrative agent and coordinates matters related to the term loan and the line of credit

CORECIVIC

CoreCivic has an \$800 million line of credit with a syndicate of ten banks. As of December 31, 2018, it had borrowed \$201 million under the line of credit. The largest contributors are SunTrust, Bank of America, JPMorgan Chase, and PNC, with each loaning 14 percent of the credit.

CoreCivic has a \$200 million term loan with the same syndicate of ten banks. As of December 31, 2018, it had borrowed \$197.5 million under the arrangement. The total value of the term loan is \$200 million. SunTrust, Bank of America, JPMorgan Chase, and PNC each loaned 14 percent of the total loan value.

CoreCivic Bonds

As of December 31, 2018, CoreCivic had issued seven bonds totaling over \$1.516 billion.¹³ Four of the bonds are senior notes, totaling \$1.175 billion.¹⁴ The following banks were involved in underwriting one or more of those bonds: Bank of America, JPMorgan Chase, SunTrust, Wells Fargo, PNC, US Bank, HSBC, BB&T, RBS, Fifth Third, Barclays, Avondale Partners, Macquarie

Capital, Regions, Canaccord Genuity, FTN Financial, and Citizens Bank.¹⁵ While information regarding the amount each bank underwrote is available for only two of the four bonds, records indicate that Wells Fargo, Bank of America, JPMorgan Chase, and SunTrust underwrote the largest portions for each of those two bonds.¹⁶ US Bank is the trustee for all four bonds.

Three bonds issued in 2018, totaling \$341.3 million, were for specific real estate projects, including the building of a new prison in Lansing, Kansas, the acquisition of the Capital Commerce Center in Tallahassee, Florida, and the acquisition of the Social Security Administration building in Baltimore, Maryland.¹⁷ Unfortunately, the company is not required to publicly disclose documents related to these bonds, so information about specific banks' involvement in these financing arrangements is not known at this time. Regardless, these bonds are a critical source of financing for the company. CoreCivic has indicated that building new facilities and owning real estate is an important new focus and business strategy, especially as a Real Estate Investment Trust.¹⁸

CORECIVIC REVOLVING LINE OF CREDIT

Bank	Value of Credit Commitment	Commitment Percentage	Outstanding balance (as of Dec 31, 2018)
SunTrust	\$112,000,000	14%	\$28,140,000
Bank of America	\$112,000,000	14%	\$28,140,000
JPMorgan Chase	\$112,000,000	14%	\$28,140,000
PNC	\$112,000,000	14%	\$28,140,000
Citizens Bank	\$96,000,000	12%	\$24,120,000
Regions Bank	\$96,000,000	12%	\$24,120,000
Fifth Third Bank	\$80,000,000	10%	\$20,100,000
Pinnacle Bank	\$30,000,000	3.75%	\$7,537,500
First Tennessee Bank	\$30,000,000	3.75%	\$7,537,500
Synovus Bank	\$20,000,000	2.50%	\$5,025,000
Total	\$800,000,000	100%	\$201,000,000

Source for Line of Credit Numbers and Commitment Percentage: www.sec.gov/Archives/edgar/data/1070985/000119312518120636/d568607dex101.htm
Source for Total amount of current loan from line of credit: 2018 10K page F-23, www.sec.gov/Archives/edgar/data/1070985/000156459019004033/cxw-10k_20181231.htm

CORECIVIC TERM LOAN

Bank	Value of Term Loan Commitment	Commitment Percentage	Outstanding balance (as of Dec 31, 2018)
SunTrust	\$28,000,000	14%	\$27,650,000
Bank of America	\$28,000,000	14%	\$27,650,000
JPMorgan Chase	\$28,000,000	14%	\$27,650,000
PNC	\$28,000,000	14%	\$27,650,000
Citizens Bank	\$24,000,000	12%	\$23,700,000
Regions	\$24,000,000	12%	\$23,700,000
Fifth Third Bank	\$20,000,000	10%	\$19,750,000
Pinnacle Bank	\$7,500,000	3.75%	\$7,406,250
First Tennessee Bank	\$7,500,000	3.75%	\$7,406,250
Synovus Bank	\$5,000,000	2.50%	\$4,937,500
Total	\$200,000,000	100%	\$197,500,000

Source for Term Loan Commitment Numbers and Commitment Percentage: www.sec.gov/Archives/edgar/data/1070985/000119312518120636/d568607dex101.htm
Source for Total amount of current loan from term loan: 2018 10K page F-24, www.sec.gov/Archives/edgar/data/1070985/000156459019004033/cxw-10k_20181231.htm

GEO GROUP

GEO Group has a \$900 million revolving line of credit with a syndicate of six banks. As of December 31, 2018, it had borrowed \$490.8 million under the line of credit. BNP Paribas, Bank of America, Barclays, JPMorgan Chase, SunTrust, and Wells Fargo are lenders, but each bank's contribution is based on the banks' credit commitments recorded in the agreement's lender addendums, which are not publicly available.

As of December 31, 2018, GEO Group owed six banks a total of \$786 million through its term loan. The total value of the term loan is \$792 million. BNP Paribas, Bank of America, Barclays, JPMorgan Chase, SunTrust, and Wells Fargo are lenders, but each bank's

contribution is based on the banks' credit commitments recorded in the agreement's lender addendums, which are not publicly available.

GEO Group Bonds

As of December 31, 2018, GEO Group had issued four bonds totaling \$1.150 billion.¹⁹ The following banks were involved in underwriting one or more of the bonds: Wells Fargo, Bank of America, SunTrust, Robinson Humphrey, Pierce, Fenner & Smith, Barclays, JPMorgan Chase, BNP Paribas, HSBC, Fifth Third, Regions, and TD Bank.²⁰ Wells Fargo is the trustee for GEO Group's four sets of bonds.²¹

GEO GROUP REVOLVING LINE OF CREDIT

Bank	Revolving Line of Credit Total	Current Loan (as of Dec 31, 2018)
BNP Paribas (Administrative Agent)	Not Disclosed	Not Disclosed
Bank of America	" "	" "
Barclays	" "	" "
JPMorgan Chase	" "	" "
SunTrust	" "	" "
Wells Fargo	" "	" "
Total	\$900,000,000	\$490,843,000

Source for list of banks involved: Third Amended and Restated Credit Agreement: www.sec.gov/Archives/edgar/data/923796/000119312517101954/d316743dex101.htm
 Source for Total amount of current loan from line of credit: 2018 10K page 133, also see page 75, www.sec.gov/Archives/edgar/data/923796/000119312519050054/d663410d10k.htm

GEO GROUP TERM LOAN

Bank	Value of Term Loan	Current Loan (as of Dec 31, 2018)
BNP Paribas (Administrative Agent)	Not Disclosed	Not Disclosed
Bank of America	" "	" "
Barclays	" "	" "
JPMorgan Chase	" "	" "
SunTrust	" "	" "
Wells Fargo	" "	" "
Total	\$792,000,000	\$786,000,000

Source: Third Amended and Restated Credit Agreement: www.sec.gov/Archives/edgar/data/923796/000119312517101954/d316743dex101.htm; Amendment No. 1 to Third Amended and Restated Credit Agreement: www.sec.gov/Archives/edgar/data/923796/000119312518152758/d564439dex101.htm
 Source for amount of current loan: 2018 10K page 133 www.sec.gov/Archives/edgar/data/923796/000119312519050054/d663410d10k.htm

BANK OF AMERICA is one of the largest and most significant remaining financiers of private prisons. Bank of America is currently involved in issuing a revolving line of credit, a term loan, and a series of bonds for both GEO Group and CoreCivic. It plays an especially important role with respect to CoreCivic, as the administrative agent for the syndicate of banks financing the company's line of credit and term loan.²² Bank of America has been lending to private prison companies since at least 1997 when it entered into a credit agreement with GEO Group.²³

Bank of America has made various attempts to demonstrate social responsibility during the Trump era. It recently launched a new social responsibility-focused public relations campaign with the theme, "The Power to Make a Difference."²⁴ It also made a commitment to stop financing manufacturers of military-style guns.²⁵ With respect to immigration, Bank of America CEO Brian Moynihan signed onto an August 2018 Business Roundtable letter expressing "serious concern about changes in immigration policy" and criticizing Trump administration policies.²⁶

But Bank of America's actual record on immigration has worsened substantially in the Trump era. Over the past two years, the bank has developed a close relationship with Caliburn, a new corporate conglomerate that is the only for-profit entity running migrant child detention facilities, and which has come under scrutiny for its practices.²⁷ Bank of America plays a key role in Caliburn's credit facility, serving as the administrative agent.²⁸ It was also named as an underwriter in documents for the company's initial public offering (IPO), meaning that it was one of the banks hired to arrange the offering and market it to investors. The Caliburn IPO was withdrawn in March 2019 following a public outcry.²⁹ Additionally, Bank of America has come under fire for asking customers about their immigration status, something it is not required to do.³⁰

CONCLUSION

The Department of Homeland Security Office of Inspector General—an independent watchdog agency that oversees Immigration Customs and Enforcement (ICE)—issued a damning 2017 report documenting widespread abuse at ICE detention facilities. It found these violations “undermine the protection of detainees’ rights, their humane treatment, and the provision of a safe and healthy environment.”³¹ Nearly one in four people report being victims of some type of abuse or aggression by ICE during their apprehension.³² One 2018 study found that for-profit detention facilities generate 175% more grievances than government-run facilities.³³ Private prison companies have perverse incentives to make business decisions that negatively impact people being detained.³⁴ GEO Group and CoreCivic’s heavy reliance on debt financing means the Wall Street financiers profiled in this report play a critical role in sustaining their private prisons. As a growing number of Wall Street banks respond to public pressure and sever ties with private prisons, these remaining financing agreements will take on even greater significance. While it remains to be seen whether these banks will follow suit and cease all financing with GEO Group and CoreCivic, it’s clear the stakes are high for the men, women, and children being held in immigrant detention. In light of the pervasive human rights abuses faced by immigrants in private prisons, Wall Street banks must join JPMorgan Chase and Wells Fargo to cease all financing of private prisons.

Endnotes

- 1 Data was obtained via Freedom of Information Act request by the Immigrant Legal Resource Center: Tara Tidwell Cullen, “ICE Released Its Most Comprehensive Immigration Detention Data Yet. It’s Alarming,” National Immigrant Justice Center, March 13, 2018, <https://immigrantjustice.org/staff/blog/ice-released-its-most-comprehensive-immigration-detention-data-yet>; Geneva Sands, “This year saw the most people in immigration detention since 2001,” CNN, November 12, 2018, www.cnn.com/2018/11/12/politics/ice-detention/index.html.
- 2 “New Information from ICE ERO’s July Facility List,” Center for Constitutional Rights, Detention Watch Network, July 2017, www.detentionwatchnetwork.org/sites/default/files/DWN%20Spreadsheet%20Memo.pdf
- 3 NASDAQ, GEO Group, Inc. Accessed April 2, 2019: www.marketwatch.com/investing/stock/geo/charts
- 4 NASDAQ, CoreCivic, Inc., Accessed April 2, 2019: www.marketwatch.com/investing/stock/cxw/charts
- 5 “The Banks that Finance Private Prison Companies,” In the Public Interest, November 2016, www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf, 3.
- 6 “The Banks that Finance Private Prison Companies,” In the Public Interest, November 2016, www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf, 4.
- 7 Max Abelson, “Ocasio-Cortez Wants Hearing on Banks Funding Immigrant Prisons” Bloomberg, February 25, 2019, www.bloomberg.com/news/articles/2019-02-25/ocasio-cortez-wants-hearing-on-banks-funding-immigrant-prisons
- 8 Morgan Simon, “JPMorgan Chase Is Done With Private Prisons,” Forbes, March 5, 2019, www.forbes.com/sites/morgansimon/2019/03/05/jpmorgan-chase-is-done-with-private-prisons/#5c51ebfc690d
- 9 House Financial Services Committee Hearing “Exchange between Rep. Alexandria Ocasio-Cortez and Wells Fargo CEO (C-SPAN), March 12, 2019, www.youtube.com/watch?v=0lChpSkpCHM
- 10 “The Banks that Finance Private Prison Companies,” In the Public Interest, November 2016, www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf, 22.
- 11 “The Banks that Finance Private Prison Companies,” In the Public Interest, November 2016, www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf, 24.
- 12 Methodology: The information in this data brief is primarily based on details included in records CoreCivic and GEO Group filed with the U.S. Securities and Exchange Commission (SEC). It is important to note that the data in this report do not constitute a comprehensive review of CoreCivic and GEO Group’s debts. Some banks might be or have been involved in financing CoreCivic and GEO Group’s debts in more ways than we have been able to identify. Additionally, some debt data are presented for CoreCivic but parallel data are not presented for GEO Group and vice versa due to the level of detail included in various publicly-available records. The “Outstanding Balance” for each bank in the CoreCivic data tables was calculated by multiplying the total outstanding debt for either the revolving line of credit or the term loan as of December 31, 2018 by each bank’s “Commitment Percentage” which is the proportion of the total revolving line of credit/term loan each bank has agreed to lend.
- 13 Andrew Ackerman and Emily Glazer, “CEOs of Six Top Banks to Testify Before Congress,” Wall Street Journal, January 24, 2019, www.wsj.com/articles/house-democrats-considering-hearings-with-biggest-u-s-banks-11548373338
- 14 CoreCivic, Form 10-K for year ended December 31, 2018, page f-23 (for four senior notes) and f-25 (for three non-recourse bonds).
- 15 CoreCivic, Form 10-K for year ended December 31, 2018, page f-23.
- 16 CoreCivic’s Prospectus Supplement (for 5.00% bonds due 2022), dated 21 September 2015, page S-55. CoreCivic’s Registration Rights Agreement (for 4.125% bonds due 2020), dated 4 April 2013. CoreCivic’s Registration Rights Agreement (for 4.625% bonds due 2023), dated 4 April 2013. CoreCivic’s Registration Rights Agreement (for 4.75% bonds due 2027), dated 15 May 2015.
- 17 CoreCivic’s Prospectus Supplement (for 5.00% bonds due 2022), dated 21 September 2015. CoreCivic’s Registration Rights Agreement (for 4.75% bonds due 2027), dated 15 May 2015.
- 18 CoreCivic, Form 10-K for year ended December 31, 2018, page f-25.
- 19 CoreCivic Inc., “Q1 2017 Earnings Conference Call,” May 4, 2017.
- 20 GEO Group, Form 10-K for year ended December 31, 2018, page 133.
- 21 GEO Group’s Prospectus Supplement (for 6.00% bonds due 2026) dated 11 April 2014, page S-89. GEO Group Prospectus Supplement (for 5.875% bonds due 2024) dated 22 September 2014, page S-94. GEO Group’s SEC filings do not show the banks that underwrote the remaining two sets of bonds.
- 22 GEO Group’s Indenture (for 5.125% bonds due 2023) dated 19 March 2013. Also see GEO Group’s Indenture (for 5.875% bonds due 2022) dated 3 October 2013. Also see GEO Group’s Second Supplemental Indenture (for 6.00% bonds due 2026) dated 18 April 2016. Also see GEO Group’s First Supplemental Indenture (for 5.875% bonds due 2024) dated 25 September 2014.
- 23 “Bank of America: One of the private prison industry’s most dedicated lenders,” In the Public Interest, January 2017, www.inthepublicinterest.org/wp-content/uploads/ITPI_BoAPrivatePrisons_FactSheet_Jan2017.pdf, 1.
- 24 The 1997 credit agreement was between Wackenhut Corrections Corporation (now GEO Group) and Nations Bank (now Bank of America). See 1998 Wackenhut Corrections Corporation 10-K: www.sec.gov/Archives/edgar/data/923796/0000950144-98-001958.txt
- 25 See Bank of America, “The Power to Make a Difference,” <http://promo.bankofamerica.com/powerto/>
- 26 Tiffany Hsu, “Bank of America to Stop Financing Makers of Military-Style Guns,” New York Times, April 10, 2018, www.nytimes.com/2018/04/10/business/bank-of-america-guns.html
- 27 Letter dated August 22, 2018 from the Business Roundtable to Department of Homeland Security Secretary Kirstjen Nielsen, signed by Brian Moynihan Chairman of the Board and Chief Executive Officer at Bank of America: <https://s3.amazonaws.com/brt.org/archive/letters/ImmigrationNielsen%20Letter%2008232018.pdf>
- 28 John Burnett, “Inside The Largest And Most Controversial Shelter For Migrant Children In The U.S.,” NPR, February 13, 2019, www.npr.org/2019/02/13/694138106/inside-the-largest-and-most-controversial-shelter-for-migrant-children-in-the-u
- 29 Credit agreement: www.sec.gov/Archives/edgar/data/1750690/000119312518303218/d632104dex104.htm
- 30 See page 2: www.sec.gov/Archives/edgar/data/1750690/000119312518315432/d632104ds1a.htm IPO canceled: www.miamiherald.com/news/local/immigration/article227144459.html
- 31 Susie Cagle, “Why Is Bank of America Asking Clients About Their Citizenship?” The Nation, August 20, 2018, www.thenation.com/article/why-is-bank-of-america-asking-clients-about-their-citizenship/
- 32 Department of Homeland Security Office of Inspector General, “Concerns about ICE Detainee Treatment and Care at Detention Facilities,” December 11, 2017, OIG-18-32, www.oig.dhs.gov/sites/default/files/assets/2017-12/OIG-18-32-Dec17.pdf, 2.
- 33 Sara Campos and Guillermo Cantor, “Deportations in the Dark: Lack of Process and Information in the Removal of Mexican Migrants,” September 19, 2017, American Immigration Council, www.americanimmigrationcouncil.org/research/deportations-dark
- 34 Emily Ryo, and Ian Peacock, “The Landscape of Immigration Detention in the United States,” American Immigration Council, December 2018, http://americanimmigrationcouncil.org/sites/default/files/research/the_landscape_of_immigration_detention_in_the_united_states.pdf
- 35 “The Banks that Finance Private Prison Companies,” In the Public Interest, November 2016, www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf, 31.

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