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## ✿ (</subscribe/digital/>) Wackenhut Changes Name to Geo Group, Politics Remain the Same

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The old maxim, the more things change, the more they stay the same," could have been tailored to Wackenhut these days. Although Wackenhut Corrections has spun off from its parent company, Wackenhut Corporation, there's no indication that the political involvement which brought it this far will change anytime soon.

Wackenhut Corrections was born as a subsidiary of the Wackenhut Corporation in 1984 when George Zoley presented the idea of a separate prison management company to Wackenhut founder George Wackenhut. Although Wackenhut Corrections began trading its stock separately in 1994, it remained a subsidiary of Wackenhut Corporation. In May 2002, the Danish securities firm Group 4 Falck bought Wackenhut Corporation for its security guard division. The sale included 57 percent of Wackenhut Corrections (43 percent was owned by investors). Group 4 immediately announced it would sell the corrections division for \$170 million [PLN, October 2002].

Since that time, Zoley, who is Wackenhut Corrections' Chairman and CEO, has focused on buying Corrections back. He succeeded in July 2003, purchasing Group 4's 57 percent stake for \$132 million. The move boosted Corrections' bottom line by 70 cents per share.

However, even with the discounted buy back and the sale of its 50 percent stake in a United Kingdom prison venture (which netted it \$52 million after taxes) Wackenhut Corrections remained \$250 million in debt.

As part of the Group 4 deal, Zoley must change the company's name to something other than Wackenhut within one year. In April 2003, the company moved its Florida headquarters to stylish Boca Raton, away from the Wackenhut Corporation's home base of Palm Beach Gardens. Corrections have also opened three regional headquarters in order to more closely monitor its interests. The company is now named The Geo Group.

Since its inception, Wackenhut Corrections has become one of the three largest private prison contractors in the nation, with 49 prisons in 13 states, as well as prisons in Australia, South Africa, New Zealand, and Canada. But the company cannot attribute its success solely to good business. Powerful lobbyists and political patronage have played a significant role in its ascent.

Mississippi Governor Ronnie Muskgrove can attest to the political savvy of private prison operators. Twice he has battled with Wackenhut and Corrections Corporation of America (CCA), and twice he has lost [PLN, July 2003]. In 2001, as Mississippi struggled with a budget crisis, Muskgrove vetoed the state's prison budget so that more money could be given to schools. Wackenhut President Wayne Calabrese and lobbyist Al Sage responded quickly, wining and dining two key senators, Bunky Huggins and Jack Gordon, before the session resumed the next day. The legislature overrode Muskgrove's veto.

Muskgrove was again bested in budgetary battle in 2002 when he vetoed \$54 million for Wackenhut Corrections and CCA because of a provision that locked in money for private prisons whether or not the state had prisoners to fill them. They have some effective lobbyists," one governor's staffer wryly noted.

In Florida, where Wackenhut operates two prisons, the state's privatization initiative has raised ethics concerns. In the late 1980's the Florida legislature authorized the Department of Corrections to explore privatization as a way to ease overcrowding, according to Ken Kopezynski, a lobbyist for the Florida Police Benevolent Association which opposes privatization. In 1993 the legislature snubbed the DOC and created an independent commission under the Department of Management Services (DMS) to oversee private prisons. Florida is the only state in the union with two departments of correction," Kopezynski observed. It didn't hurt that the lobbyist for the DMS was the wife of the lobbyist for Wackenhut.

Other ethics concerns soon arose. University of Florida Professor Charles Thomas, author of the law creating the privatization commission and director of the university's Private Corrections Project, was considered an expert on the subject. However, Thomas' close ties to the private prison industry prompted the filing of ethics charges against him in 1997 and 1998. Even though Wackenhut was among the companies that financed Thomas' project, Zoley complained to the commission of his shock" at discovering Thomas sat on the board of a competitor's (CCA) real estate investment trust. Thomas was fined \$20,000 and forced to resign. He knows Charley is a (disciple) for the prison industry but Zoley only questions his ethics when he joins a competitor," Kopezynski noted.

It's likely that Wackenhut's handouts have influenced Florida's privatization initiative. In 1997, Wackenhut paid \$11.5 million to purchase a temporary staffing business from state House Majority Leader Jim King. More recently, a 2000 study by the National Institute on Money in State Politics revealed that Wackenhut Corrections shelled out \$237,750 to candidates in six Southern states, including \$65,200 in Florida. They contributed early in a campaign, giving to incumbents before there was a campaign, or at the end when there was a sure winner," stated Ed Bender, who headed the study. And they hire top-flight lobbyists.

Zoley, who was paid \$3.8 million in 2003, doesn't argue that point. Where the government is the only client, he says, political dealings are part of the business.

But Wackenhut's trip to the top hasn't been all glad-handing and fundraisers. Murders, rioting, and prisoner beatings have plagued Wackenhut's New Mexico prisons [PLN, January 2003 and October 2003]. Prisoner rapes, sexual harassment, and a prisoner beating at Wackenhut's Austin, Texas prison forced a state takeover [PLN, October 2003]. And allegations of abuse by Wackenhut guards at the Jena juvenile prison in Louisiana prompted a New Orleans judge to remove seven youngsters for their own safety [PLN, May 2002 and October 2003].

Wackenhut Corrections also faces fiscal difficulties. Due to economic constraints, states are reluctant to build new prisons. To offset the decline, the company has branched out into other prison services such as healthcare, psychiatric services, and sex offender facilities [PLN, April 2002]. However, Corrections' best avenue for growth may be the federal government, which has announced plans to build 7,000 new detention center beds. Because of homeland security, all the agencies are expanding," said Zoley. g

Source: Palm Beach Post, Orlando Sun Sentinel

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