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January 20, 2017

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Office of General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: Response of The GEO Group, Inc., GEO Corrections Holdings, Inc., and GEO Reentry Services, LLC, in MUR 7180

Dear Mr. Jordan,

This response is submitted by the undersigned counsel on behalf of The GEO Group, Inc., GEO Corrections Holdings, Inc., and GEO Reentry Services, LLC, in connection with Matter Under Review 7180. The Complainant submitted an Initial Complaint in early November 2016, which was received by the Respondents on November 7, 2016. The Complainant filed a Supplemental Complaint in late December 2016, a copy of which was received from the Commission on December 29, 2016. Prior to receiving the Supplemental Complaint, the Commission granted a second extension of time to respond until January 20, 2017.

The Initial Complaint alleges that GEO Corrections Holdings, Inc., violated 52 U.S.C. 30119(a)(1) when it made a contribution to Rebuilding America Now. The Supplemental Complaint identifies a second contribution made by GEO Corrections Holdings, Inc., to Rebuilding America Now on November 1, 2016, in the amount of \$125,000 which was disclosed on the Post-General Election Report of Rebuilding America Now filed on December 8, 2016. The Supplemental Complaint also identifies two contributions made by GEO Corrections Holdings, Inc., on September 27, 2016 (\$200,000 to Senate Leadership Fund) and April 17, 2015 (\$100,000 to Conservative Solutions PAC), that the Complainant apparently overlooked earlier.¹

The Complainant's conclusion that GEO Corrections Holdings, Inc. violated the federal contractor contribution prohibition is incorrect. First, GEO Corrections Holdings, Inc. was not a federal contractor during the relevant period. The entity that was a party to the sub-grant contract identified in the Initial Complaint was GEO Reentry Services, LLC. The Supplemental Complaint does not identify any other contract that is alleged to be a federal contract. Second, the entity that was a party to the contract identified in the Initial Complaint, GEO Reentry

¹ Commission records show that GEO Corrections Holdings, Inc., contributed a total of \$645,000 to five committees during 2015-2016.

Services, LLC, did not contract with the federal government, but rather with the Louisiana Department of Public Safety and Corrections. The contract that the Complainant identifies in the Initial Complaint is not a federal contract for purposes of 52 U.S.C. § 30119.

The Complainant misidentifies the contracting party, mischaracterize GEO Corrections Holdings, Inc. as a federal contractor, and premises its Initial Complaint on a contract that is not a federal contract. Recent comments made to the press suggest that the Complainant is either unaware of the applicable law, or has simply chosen to ignore it for the sake of garnering media coverage.² The Supplemental Complaint further clouds the record with several pages of irrelevant information, suggests that other contracts might be at issue without identifying any of those other contracts, and offers at least three theories of liability while providing only the most cursory explanation of how those theories might apply to the often misstated “facts” at hand.

Both the Initial Complaint and the Supplemental Complaint should be dismissed. The Complainant’s factual allegations are incorrect, irrelevant, and/or incomplete. There is no basis for the Complainant’s legal accusations because the underlying factual presentation is inadequate to provide any reason to believe any violation occurred. The Complainant’s poorly-researched and convoluted legal claims may have generated press coverage, but are insufficient to warrant any reason to believe finding by the Commission. As demonstrated below, **GEO Corrections Holdings, Inc. is not a federal contractor, and its contributions to federal committees did not violate the federal contractor contribution prohibition.**

I. BACKGROUND

A. GEO Corrections Holding, Inc. Contributions to Rebuilding America Now

GEO Corrections Holdings, Inc., wrote a contribution check to Rebuilding America Now in the amount of \$100,000 on August 17, 2016, see attached, and that check was evidently received by Rebuilding America Now on August 19, as reflected on Rebuilding America Now’s quarterly report.³ GEO Corrections Holdings, Inc. contributed an additional \$125,000 to Rebuilding America Now on November 1, 2016. Rebuilding America Now is registered with the Commission as an independent expenditure-only committee and may lawfully accepted unlimited contributions from corporations pursuant to *Citizens United v FEC*, *SpeechNow.org v. FEC*, Advisory Opinion 2010-11 (Commonsense Ten), and Advisory Opinion 2010-09 (Club for Growth).

² Betsy Woodruff, *Did Private Prison Contractor Illegally Boost Trump?*, The Daily Beast (Dec. 14, 2016), <http://www.thedailybeast.com/articles/2016/12/14/did-private-prison-contractor-illegally-boost-trump.html> (“The Campaign Legal Center argues that this is a distinction without a difference, and that the federal contractor ban should apply to the company’s subsidiary. ‘GEO Corrections Holdings Inc. and its parent company are indistinguishable,’ Fischer said.”). Mr. Fischer’s statement ignores longstanding Commission precedent, as well as basic tenets of tax and corporate law.

³ The Complainant’s alleged timeline is inaccurate. GEO Corrections Holdings, Inc., wrote the check at issue on August 17, 2016, prior to the Department of Justice’s announcement. See Initial Complaint at ¶ 7.

The Complainant alleges that the contributions made by GEO Corrections Holdings, Inc. to Rebuilding America Now violated the Act's prohibition on contributions by federal government contractors at 52 U.S.C. § 30119(a)(1). The Supplemental Complaint also identifies a 2015 contribution to Conservative Solutions PAC, and a 2016 contribution to Senate Leadership Fund. **During the period in which these contributions were made (April 2015 – November 2016), GEO Corrections Holdings, Inc., did not have, and was not seeking, any contracts with the federal government.** To the extent that information obtained by the Complainant at USAspending.gov indicates that GEO Corrections Holdings, Inc. entered into or held a federal contract in 2015, that information is incorrect.

B. Contract Identified By Complainant

As noted by Complainant, USAspending.gov indicates that GEO Corrections Holdings, Inc. received a "grant" of \$266,666, which is characterized as a "sub-award transaction," during fiscal year 2015. As has been the case in past enforcement matters, information found on USAspending.gov is not always accurate.

The transaction in the amount of \$266,666 derives from a *state* government contract between the Louisiana Department of Public Safety and Corrections and GEO Reentry Services, LLC. See attached contract. On November 30, 2015, the U.S. Department of Justice, Office of Justice Programs, issued a "prime award" grant of \$700,000 to the Louisiana Department of Public Safety and Corrections for the "Louisiana Capital Area Regional Reentry Initiative." A "sub-award" grant of \$266,666 then made by the Louisiana Department of Public Safety and Corrections to GEO Reentry Services, LLC to provide certain community reentry services in Baton Rouge. GEO Corrections Holdings, Inc. was *not* a party to this contract, and the contract with GEO Reentry Services, LLC, was *not* a federal contract at all.

C. D. Ray James Detention Facility, Georgia

The Complainant asserts that "GEO Corrections Holdings, Inc. operates the D. Ray James Detention Facility in Folkston, Georgia, according to labor relations cases filed with the National Labor Relations Board (NLRB)." Initial Complaint at ¶ 6. This assertion is factually incorrect. (It is unclear why GEO Corrections Holdings, Inc. is identified as the employer in the NLRB action referenced in the Complaint at Paragraph 6.)

The federal government's contract for services in connection with the D. Ray James Detention Facility is not with GEO Corrections Holdings, Inc., but with Cornell Companies, Inc. Cornell Companies, Inc. contracts with, and receives funds from, the U.S. Department of Justice. See Affidavit of Ambert Martin at ¶ 2.

Cornell Companies, Inc. was acquired by The GEO Group, Inc. via a "reverse-triangular merger"⁴ in 2010, and is now a wholly-owned subsidiary of The GEO Group, Inc. The GEO Group, Inc. is the sole shareholder of Cornell Companies, Inc. Within The GEO Group family of

⁴ Details of this transaction were reported to the U.S. Securities and Exchange Commission, and are available at <https://www.sec.gov/Archives/edgar/data/923796/000095012310036325/0000950123-10-036325-index.htm>.

companies, GEO Corrections Holdings, Inc. and Cornell Companies, Inc., are both “first level” subsidiaries that are wholly-owned by The GEO Group, Inc. *See* Affidavit of Marcel Maier at ¶¶ 2, 6. Neither GEO Corrections Holdings, Inc., nor GEO Reentry Services, LLC, is a party to any federal contract involving the D. Ray James Detention Facility. *See* Affidavit of Amber Martin at ¶ 3. GEO Corrections Holdings, Inc. and GEO Reentry Services, LLC are both legally separate and distinct from Cornell Companies, Inc.

Contrary to Complainant’s assertions, GEO Corrections Holdings, Inc. does not operate the D. Ray James Detention Facility, and GEO Corrections Holdings, Inc. does not hold any contract, federal or otherwise, to provide services in connection with the D. Ray James Detention Facility. *See* Affidavit of Amber Martin at ¶ 4. (For the same reasons, Complainant’s characterization of the D. Ray James Detention Facility as a “GEO Corrections Holdings, Inc. facility” is also incorrect. *See* Initial Complaint at ¶ 22.)

D. The GEO Group, Inc. – Corporate Structure

As was the case with “Chevron” in MUR 6726 (Chevron Corporation), “GEO” is not a single “integrated organization,” but rather, it is a family of subsidiaries and wholly-owned entities that are separate and distinct legal entities. *See* MUR 6726 (Chevron Corporation), First General Counsel’s Report at 3-4.

The GEO Group, Inc. sits at the top of the larger GEO corporate structure. Beneath The GEO Group, Inc. are several wholly-owned subsidiaries, including GEO Corrections Holdings, Inc. and Cornell Companies, Inc. Both GEO Corrections Holdings, Inc. and Cornell Companies, Inc. have their own subsidiary companies. For example, GEO Reentry Services, LLC is a subsidiary of GEO Corrections Holdings, Inc.

In 2013, The GEO Group family of companies underwent an internal corporate restructuring as part of a complex conversion to a Real Estate Investment Trust (REIT). This conversion required, among other things, a reorganization of certain operations into separate legal wholly-owned operating business units known as “taxable REIT subsidiaries.” Through this structure, non-real estate related businesses are housed within wholly-owned taxable subsidiaries of the REIT, while business segments that are real estate related are part of the REIT.⁵ For present purposes, we note that the existence of various legally separate wholly-owned subsidiaries within The GEO Group, Inc. family of companies is directly related to this REIT restructuring.

1. GEO Corrections Holdings, Inc.

GEO Corrections Holdings, Inc. is incorporated in the State of Florida. GEO Corrections Holdings, Inc. is a wholly-owned subsidiary of GEO Group, Inc., and is a holding company for several operating subsidiaries within The GEO Group family of companies. These subsidiaries are involved in operation, management, and construction of private correctional and detention

⁵ Additional details of this structure are included in the company’s first quarter 2013 publication “Geo World,” which is attached hereto, and is also available at <http://www.geogroup.com/userfiles/337e14c1-4d30-4723-a85d-a02f51816e54.pdf>.

facilities, community reentry facilities, inmate transportation, and electronic monitoring and tracking. *See* Affidavit of Amber Martin at ¶ 5.

GEO Corrections Holdings, Inc. houses and performs a number of administrative functions on behalf of The GEO Group family of companies. For instance, GEO Corrections Holdings, Inc. is the employer of those individuals engaged in administration and management functions at The GEO Group's corporate headquarters in Boca Raton, Florida. Pursuant to a formal management services agreement, GEO Corrections Holdings, Inc. performs a variety of management services for The GEO Group family of companies. *See* Affidavit of Marcel Maier at ¶ 7. GEO Corrections Holdings, Inc. does not contract with any government entities, and does not provide services of any kind to any entities outside The GEO Group family of companies.⁶ Accordingly, GEO Corrections Holdings, Inc. has no government contracts of any kind. *See* Affidavit of Amber Martin at ¶ 6. The Complainant's insistence to the contrary is incorrect. *See* Supplemental Complaint at 4 ("available records indicate that GEO Corrections Holdings, Inc., is indeed a contracting legal entity that holds contracts with multiple government agencies").

As noted, GEO Corrections Holdings, Inc. does not generate income through the sale of goods or services to persons beyond The GEO Group family of companies. Rather, all GEO Corrections Holdings, Inc. revenue derives from its subsidiaries and its intercompany agreements with other entities within the The GEO Group family of companies.⁷ GEO Corrections Holdings, Inc., has receipts in excess of \$250 million annually. These funds are received by other companies within The GEO Group family of companies from their customers and transferred to GEO Corrections Holdings, Inc., for tax, administrative and management purposes. *See* Affidavit of John Tyrrell at ¶ 2.

The annual receipts of GEO Corrections Holdings, Inc. far exceed the amount of the federal contributions at issue in this matter, even after receipts from entities with federal contracts are set aside.⁸ *See* Affidavit of John Tyrrell at ¶ 3.

2. GEO Corrections and Detention, LLC

GEO Corrections and Detention, LLC, a wholly-owned subsidiary of GEO Corrections Holdings, Inc., has numerous state and local government contracts, but does not contract with the federal government. *See* Affidavit of John Tyrrell at ¶ 4. For instance, in 2016, GEO Corrections and Detention, LLC earned in excess of \$7.8 million from the State of Florida for the

⁶ GEO Corrections Holdings, Inc., is similar to Chevron Corporation in this regard. As noted in MUR 6726 (Chevron Corporation), Chevron Corporation "[a]s a general matter ... does not sell any goods or services." MUR 6726 (Chevron Corporation), Factual and Legal Analysis at 2.

⁷ *See* MUR 6726 (Chevron Corporation), Factual and Legal Analysis at 2 ("Chevron's primary assets consist of stock of other companies, and Chevron derives most of its income from the dividends of those companies").

⁸ *See* MUR 6726 (Chevron Corporation), Factual and Legal Analysis at 7 ("Chevron appears to have sufficient funds *not* derived from revenue of subsidiaries with federal contracts to make the \$2.5 million contribution to CLF") (emphasis in original).

company's operation of Graceville Correctional Facility. *See* Affidavit of John Tyrrell at ¶ 4. Although this non-federal contract (among others) was erroneously attributed to GEO Corrections Holdings, Inc., we note that the revenue derived from this contract far exceeds the total amount of federal contributions at issue.

3. GEO Reentry Services, LLC

As noted above, the government contract valued at \$266,666 that is referenced in the Initial Complaint is held by GEO Reentry Services, LLC. GEO Reentry Services, LLC (then known as GEO Reentry Services, Inc.), was previously a wholly-owned corporate subsidiary of The GEO Group, Inc. In December 2012, as part of the REIT conversion process, GEO Reentry Services, Inc., was converted to its present LLC form, and 100% interest in the entity was transferred from The GEO Group, Inc. to GEO Corrections Holdings, Inc., making GEO Corrections Holdings, Inc. the sole member of GEO Reentry Services, LLC. *See* Affidavit of Marcel Maier at ¶ 3.

GEO Reentry Services, LLC contracts with the federal government, as well as with state and local governments. GEO Reentry Services, LLC is licensed to do business in 18 states, including Louisiana. *See* Affidavit of Marcel Maier at ¶ 5. GEO Reentry Services, LLC employs its own personnel, including operational staff at approximately 25 facilities, and owns office-related property (furniture, computer equipment, office supplies, etc.). GEO Reentry Services, LLC, does not own real property. *See* Affidavit of Marcel Maier at ¶ 4.

4. Cornell Companies, Inc.

Cornell Companies, Inc. was acquired by The GEO Group, Inc. in 2010, and Cornell Companies, Inc. became a wholly-owned subsidiary of The GEO Group, Inc. *See* Affidavit of Marcel Maier at ¶ 2.

Cornell Companies, Inc. remains separately incorporated in the State of Delaware. As noted above, Cornell Companies, Inc. and GEO Corrections Holdings, Inc. are both "first level" subsidiaries that are wholly-owned by The GEO Group, Inc. Cornell Companies, Inc. and GEO Corrections Holdings, Inc. do not have direct financial arrangements with one another, and no revenue from Cornell Companies, Inc. (including revenue derived from federal contracts) is delivered directly to GEO Corrections Holdings, Inc. *See* Affidavit of John Tyrrell at ¶ 5 (It is possible that Cornell Companies, Inc. pays money to one (or more) subsidiary companies within The GEO Group family of companies in exchange for services, and that subsidiary subsequently delivers funds to GEO Corrections Holdings, Inc.) GEO Corrections Holdings, Inc. has multiple wholly-owned subsidiaries, including GEO Corrections and Detention, LLC, that do not contract with the federal government, and which generate their revenue from sources unrelated to any federal contracts. *See* Affidavit of John Tyrrell at ¶ 4. Thus, the funds held by GEO Corrections Holdings, Inc. that were drawn upon to make the contribution to Rebuild America Now unquestionably included funds from sources without any federal contracts that far exceeded the contribution amounts.

II. LEGAL ANALYSIS

As explained below, the Initial Complaint should be dismissed on any or all of the following grounds. The Federal Election Campaign Act, as amended, prohibits a person “[w]ho enters into any contract with the United States or any department or agency thereof” from making a contribution to any political party, committee, or candidate for public office. 52 U.S.C. § 30119(a)(1); 11 C.F.R. § 115.2. The federal contractor contribution prohibition is effective during “the time between the earlier of the commencement of negotiations or when the requests for proposals are sent out, and the later of – (1) The completion of performance under; or (2) The termination of negotiations for, the contract or furnishing of materials, supplies, equipment, land, or buildings, or the rendition of personal services.” 11 C.F.R. § 115.2(b).

“When determining whether a committee has received, or that an entity has made, a contribution in violation of [52 U.S.C. § 30119(a)(1)], the Commission looks first to whether the entity met the statutory and regulatory definition of government contractor at the time the contribution was made.” MUR 6403 (Alaskans Standing Together), First General Counsel’s Report at 14-15.

A. GEO Corrections Holdings, Inc., Was Not a Federal Contractor

As noted above, GEO Corrections Holdings, Inc. does not hold any government contracts (federal, state, or local), and was not a federal contractor at the time the contributions at issue were made. The entry found by Complainant at USAspending.gov is inaccurate. The identified contract was not held by GEO Corrections Holding, Inc., but by GEO Reentry Services, LLC, and the contracting party was not the federal government, but the Louisiana Department of Public Safety and Corrections. *See* attached contract.

The Complainant claims that “GEO Corrections Holdings, Inc. appears to have been performing and/or negotiating federal contracts at the same time that it made its \$100,000 contribution to Rebuilding America Now” Initial Complaint at ¶ 20; *see also* Initial Complaint at ¶ 25. This is incorrect, as GEO Corrections Holdings, Inc. does not perform or negotiate any federal contracts. *See* Affidavit of Amber Martin at ¶ 6.

Information presented in the Supplemental Complaint pertaining to National Labor Relations Board proceedings and a class-action lawsuit in California,⁹ *see* Supplemental

⁹ The Complainant’s characterization of the Respondents’ answer to a class-action complaint filed in California is intentionally dishonest and misleading. The Complainant claims that “[i]n its answer to that complaint, GEO Corrections Holdings, Inc. did not contest this description of its operations [that it is ‘an operator of detention and community re-entry facilities in California’], but instead claimed that it did not employ the plaintiff nor any other member of the class.” *See* Supplemental Complaint at 2 – 4. The referenced answer, which the Complainant attached as an exhibit to its Supplemental Complaint, begins with the following sentence: “Defendants **generally and specifically deny each and every allegation of the Complaint**, and the whole thereof, pursuant to section 431.30 of the California Code of Civil Procedure and further deny that Plaintiff or any class that he purports to represent has been damaged in any sum or at all” (emphasis added).

Complaint at 2 – 4, is irrelevant to the question of whether GEO Corrections Holdings, Inc. sought, held, or performed a federal contract at the time the contributions at issue were made. How GEO Corrections Holdings, Inc. might be characterized in proceedings before another government agency has no bearing on whether GEO Corrections Holdings, Inc. actually is a “federal contractor” for purposes of FECA and Commission regulations.¹⁰ See Supplemental Explanation and Justification on Political Committee Status, 72 Fed. Reg. 5595, 5599 (Feb. 7, 2007) (“the use of the Internal Revenue Code classification to interpret and implement FECA is inappropriate”).

B. The Initial Complaint Does Not Identify A Federal Contract

As noted above, the contract referenced in the Initial Complaint consisted of a sub-award grant from the Louisiana Department of Public Safety and Corrections to GEO Reentry Services, LLC. The contracting parties to the service agreement are Louisiana Department of Public Safety and Corrections, a state agency, and GEO Reentry Services, LLC. Under FEC regulations, this is not a federal contract. Commission regulations state:

The basic contractual relationship must be with the United States or any department or agency thereof. A person who contracts with a State or local jurisdiction or entity other than the United States or any department or agency thereof is not subject to this part, even if the State or local jurisdiction or entity is funded in whole or in part from funds appropriated by the Congress.

11 C.F.R. § 115.1(d).

The original 1977 Explanation and Justification for this provision indicates that this bright-line distinction between federal and state contracts is the product of a 1974 Conference Report discussion of the Medicaid program and questions about whether doctors who received Medicaid payments for services qualified as federal contractors. The Conference Report concludes they are not and explained:

Under so-called Medicaid programs, it is true that doctors may have specific contractual agreements to render medical services, but such agreements are with State agencies and not with the Federal Government. Medicaid programs are administered by State agencies using Federal funds. The House committee did not believe that section 611 prohibiting political contributions by government contractors has any application to doctors rendering medical services pursuant to a contract with a State agency.

Communication From the Chairman, Federal Election Commission, Explanation and Justification of Part 115 – Federal Contractors at 120 (Jan. 12, 1977) *citing* S. Conf. Report 93-1237, 93d Congress, 2d Sess., 68-69 (1974). Like Medicaid programs, criminal justice programs

¹⁰ More specifically, the term “employer” as used in labor law and by the National Labor Relations Board obviously does not equate with “federal contractor,” as used in federal campaign finance law and by the Commission. Compare, for example, the definition of “employer” found in the National Labor Relations Act at 29 U.S.C. § 152(2) with the federal contractor prohibition at 52 U.S.C. § 30119.

are often “administered by State agencies using Federal funds.” Entities that contract with these state agencies are not federal contractors. *See also* Advisory Opinion 1980-26 (Stenholm) (“the prohibitions of 441c would not apply to a situation where, as here, the contractual relationship of the contributor is with another entity that is, in turn, under contract with the Federal Government or an agency thereof”); Advisory Opinion 1975-110 (Treen) (“the Commission concludes that where an individual contracts with a non-Federal agency, he does not become subject to the prohibition of § 611 even if the agency receives Federal aid”).

C. The Supplemental Complaint References Other Specific Contracts, But Still Does Not Identify Any Federal Contract

The Supplemental Complaint alleges that GEO Corrections Holdings, Inc. is listed “as the ‘Vendor’ for at least six contracts with the State of Florida valued at tens of millions of dollars.” Supplemental Complaint at 4. Contracts with the State of Florida, of course, are irrelevant for purposes of the *federal* contractor prohibition, so it is unclear why the Complainant would include this information. Furthermore, the Complainant failed to note in its Supplemental Complaint that a few more “clicks” on the cited Florida Department of Financial Services website (<https://facts.fldfs.com/Search/ContractSearch.aspx>) reveals that the “Vendor” listing is inaccurate and that five of the six referenced contracts were not made with GEO Corrections Holdings, Inc., but with either The GEO Group, Inc. or GEO Corrections and Detention LLC. (The remaining entry is for a non-contractual purchase order for copies of records in the amount of \$35.93.) All of this information was readily available to the Complainant, and it is unclear why the Complainant chose to mislead the Commission on an entirely irrelevant point.

In short, neither the Initial Complaint nor the Supplemental Complaint identifies any specific federal contract.

D. GEO Corrections Holdings, Inc. Is a Separate and Distinct Legal Entity

After inquiring “whether the entity met the statutory and regulatory definition of government contractor at the time the contribution was made,” the Commission next considers the special considerations that arise in the context of related entities. *See* MUR 6403 (Alaskans Standing Together), First General Counsel’s Report at 15 (“In the case of a parent company contributor, if it can demonstrate that it is, in fact, a separate and distinct legal entity from its government contractor subsidiaries, and that it had sufficient funds to make the contributions from non-subsidiary income, then the prohibition on contributions by government contractors would not extend to the parent company.”)

The allegations in the Initial Complaint are relatively specific, but as is explained herein, the specific allegations made in the Initial Complaint do not pertain to a federal contractor, and the contract identified in the Initial Complaint is actually a state government contract.

The allegations in the Supplemental Complaint are considerably less specific, but it appears that the Complainant has shifted its focus to the relationship between GEO Corrections Holdings, LLC (the subsidiary) and The GEO Group, Inc. (the parent), and recognizes that GEO Corrections Holdings, Inc., “does not itself hold federal contracts.” Supplemental Complaint at

5. The Complainant appears to assume that The GEO Group, Inc. is a federal contractor for purposes of the Act, but the Complainant does not identify any specific federal contract that The GEO Group, Inc. allegedly holds. The Complainant has not met its burden of “set[ting] forth sufficient specific facts, which, if proven true, would constitute a violation of the FECA.” MUR 4960 (Clinton), Statement of Reasons of Commissioners Mason, Sandstrom, Smith, and Thomas.

The GEO Group, Inc. does not deny that it is a federal contractor for purposes of the Act, although we maintain that the complaints do not establish that point by identifying an actual federal contract held by any Respondent.

1. Separate and Distinct Legal Entity Analysis

The facts alleged in the Initial and Supplemental Complaints involve (at least) five different legal entities, several of which the Complainant is unaware: (1) GEO Corrections Holdings, Inc.; (2) GEO Reentry Services, LLC; (3) The GEO Group, Inc., (4) Cornell Companies, Inc.; and (5) GEO Corrections and Detention, LLC.

Each of these companies is a “separate and distinct legal entity.” GEO Corrections Holdings, Inc. holds no federal contracts, and to the extent that any other legal entity within The GEO Group’s broader corporate structure does have a federal contract, that does not convey federal contractor status on GEO Corrections Holdings, Inc. *See* Advisory Opinion 1998-11 (Patriot Holdings) (“the prohibitions of 2 U.S.C. § 441c would not extend to an LLC holding company as long as it is, in fact, a separate and distinct legal entity from its Federal contractor subsidiaries”).

Federal contractor status does *not* extend from a parent company to a subsidiary company when only the parent company contracts with the federal government, so long as the parent and subsidiary are separate and distinct legal entities and the non-contracting subsidiary had sufficient income from its own operations to make the contribution at issue.¹¹ The Commission’s “separate and distinct legal entities” standard has been considered in three basic contexts: (1) corporate parents and subsidiary companies; (2) holding companies and subsidiaries; and (3) entities created by Indian tribes. The legal standard is the same in each case.

With respect to the first context:

The Commission has recognized that if a parent company has an ownership interest in a subsidiary that is a federal contractor, the parent company may make a contribution without violating section [30119] if it is a “separate and distinct legal entity” from its federal contractor subsidiary and has sufficient revenue not derived from its contractor subsidiary to make a contribution. *See, e.g.,* MUR 6403 (Aleut Corp. et al.); Advisory Op. 2005-01 (Mississippi Band of Choctaw Indians); Advisory Op. 1998-11 (Patriot Holdings LLC) (superseded on other grounds). If, however, the subsidiary is merely an agent, instrumentality, or alter

¹¹ The Commission’s “separate and distinct entity” standard has been informed by corporate “alter ego” and “piercing the veil” considerations. *See* Advisory Opinion 1998-11 (Patriot Holdings) at 5 n.3.

ego of the holding company, then the parent company is prohibited from making a contribution. Advisory Op. 1998-11 at 5.

MUR 6726 (Chevron Corporation), First General Counsel's Report at 8; *see also* MUR 6726 (Chevron Corporation), Factual and Legal Analysis at 6.

With respect to the second context, the Commission applied the same basic principles to holding companies and their subsidiaries, and reached the same result:

In past opinions, the Commission permitted a holding company of a national bank, a holding company of a Federally chartered savings and loan, and a wholly owned subsidiary of a Federally chartered savings and loan association, to make contributions in connection with State and local elections and to make donations to committees associated with national political party conventions. See Advisory Opinions 1995-32, 1995-31, 1981-61, 1981-49, and 1980-7. The Commission reasoned in these opinions that a holding company is considered a distinct legal entity in its own right, apart from its subsidiaries, and that there is no language in section 441b indicating that the prohibition (as to contributions in any election, including State or local elections) extends to parent holding companies which are not themselves national banks, or Federally chartered corporations or banks. *See id.*

The Commission premised this position on the separate identity of a holding company from a subsidiary and the absence of facts which indicated the subsidiary was merely an agent, instrumentality, or alter ego of the holding company. See Advisory Opinions 1995-32, 1995-31 and 1980-7. The Commission has further required that the permitted political contributions of the holding company be funded only from revenue not derived from subsidiaries that are prohibited from the same activity by section 441b. See Advisory Opinions 1995-32, 1995-31, 1981-61 and 1981-49.

The Commission is of the opinion that this analysis should apply in PH's situation. The fact that PH and its subsidiaries are LLC's rather than corporations is not a significant distinction. As is the case with section 441b, the prohibitions of 2 U.S.C. §441c would not extend to an LLC holding company as long as it is, in fact, a separate and distinct legal entity from its Federal contractor subsidiaries.

Advisory Opinion 1998-11 (Patriot Holdings) at 4-5 (superseded by LLC regulations).

Finally, in the third context, the Commission has recognized that corporate entities created by Indian tribes are "separate and distinct" from the tribes themselves for purposes of the federal contractor prohibition. For instance, in 2005, the Commission determined that the Mississippi Band of Choctaw Indians was not prohibited from making federal contributions after it "established and chartered" a for-profit corporation (IKBI, Inc.) for the purpose of seeking and obtaining federal construction contracts. The Commission explained:

In two advisory opinions the Commission has considered whether the Federal contractor status of subordinate tribal enterprises limits the ability of Indian tribes to make contributions. See Advisory Opinions 1999-32 and 1993-12. The Commission concluded that if circumstances demonstrate that the tribal enterprise has a distinct and separate identity from the Indian tribe itself, then the Act does not prohibit a tribe from making contributions because of the Federal contractor status of the tribal enterprise. See Advisory Opinion 1999-32.

The facts in this request are substantially similar to the facts considered in Advisory Opinion 1999-32. As in Advisory Opinion 1999-32, circumstances indicate that IKBI is a separate and distinct entity from the Tribe. These include the separate incorporation of IKBI, the separate leasing and ownership of property, the fact that no member of the Tribal council may serve on the IKBI board, and that IKBI has a separate legal counsel, bank account, tax identification number and separate employees, personnel and benefit policies from the Tribe. Further, as in Advisory Opinion 1999-32, funds from the Tribal enterprise that is a Federal contractor are not intermingled with other Tribal funds. The Commission notes that revenues from IKBI may not be used to make contributions to Federal candidates or political committees.

Accordingly, when IKBI qualifies as a Federal contractor, its status as Federal contractor does not confer Federal contractor status on the Tribe and therefore will not affect the Tribe's political activities under 2 U.S.C. 441c [now 52 U.S.C § 30119].

Advisory Opinion 2005-01 (Mississippi Band of Choctaw Indians) at 4.

2. Facts and Circumstances Determinations

“In determining whether a parent company is ‘separate and distinct’ from its subsidiary, the Commission has not articulated a specific test but has instead made determinations based on the facts and circumstances presented in each matter.” MUR 6726 (Chevon Corporation), First General Counsel's Report at 9. In past matters, facts and circumstances taken into consideration include:

- Are the parent and subsidiary companies separately incorporated?¹²
- Do the entities have separate tax identification numbers?¹³
- Are the companies under the direction and control of separate management?¹⁴
- Does the parent company pay the salaries or expenses of its subsidiary?¹⁵
- Does the subsidiary's government contract contain clauses or terms which would hold the parent company liable for breaches by the subsidiary?¹⁶

¹² MUR 6726 (Chevon Corporation), Factual and Legal Analysis at 6.

¹³ Advisory Opinion 2005-01 (Mississippi Band of Choctaw Indians) at 2.

¹⁴ MUR 6726 (Chevon Corporation), Factual and Legal Analysis at 6.

¹⁵ Advisory Opinion 1998-11 (Patriot Holdings) at 5.

- Did the contributing parent entity have sufficient funds not derived from revenue of subsidiaries with federal contracts to make the contribution?¹⁷
- In the case of an Indian tribe, does the tribe’s Utility Authority have its own bank account, employees, personnel policies, employee benefits, and legal counsel?¹⁸
- Does the entity lease or own its own property?¹⁹

The presence or absence of particular factors is not necessarily determinative. For instance, two entities may have common officers and directors and still be “separate and distinct legal entities.” *See* Advisory Opinion 1998-11 (Patriot Holdings) at 5 n.3 (“The fact that PH, ASM and PCS share common officers or directors, absent other factors, would be insufficient to establish that ASM and PCS were the alter egos of PH.”); MUR 6726 (Chevron Corporation), Factual and Legal Analysis at 6 (“publicly available information indicates that Chevron and Chevron U.S.A. may share the same CEO”). An entity may also be deemed “separate and distinct” despite being financially dependent on another entity. For example, in Advisory Opinion 2005-01 (Mississippi Band of Choctaw Indians), the tribal corporation at issue, IKBI, was not financially independent from the tribe, and “[a]s a condition for issuing the bonds, the bonding agent will require the Tribe ... to sign an ‘agreement of indemnity.’ This obligates the Tribe ... to act as co-indemnitor (along with IKBI) for any losses and liabilities on the bonds.” Advisory Opinion 2005-01 (Mississippi Band of Choctaw Indians) at 2.

In its Supplemental Complaint, the Complainant argues that GEO Corrections Holdings, Inc. and The GEO Group, Inc. “are nearly indistinguishable” because “[b]oth are incorporated at the same address, in the same state, and with significant overlap between officers and directors.” Supplemental Complaint at 5. This claim is both factually confused and legally incorrect.

Neither the Initial Complaint nor the Supplemental Complaint identifies a federal contract that is actually held by either GEO Corrections Holdings, Inc., or The GEO Group, Inc. The Initial Complaint incorrectly alleged that “GEO Corrections Holdings, Inc. is a federal contractor” that “operates the D. Ray James Detention Facility in Folkston, Georgia.” Initial Complaint at ¶¶ 19, 6. The Supplemental Complaint acknowledges this error, and then offers an alternative theory of liability. *See* Supplemental Complaint at 5 (“Finally, even if GEO Corrections Holdings Inc. were to offer evidence that it does not itself hold federal contracts, and is not rendering personal services pursuant to a federal contract, its contribution is nonetheless prohibited under the federal contractor ban.”). In past matters, the Commission analyzes a situation in which the parent company holds a federal contract while the contributing subsidiary company does not, and the inquiry focuses on whether the subsidiary is a separate and distinct legal entity. But if there is no evidence on the record that one or the other holds a federal contract, there is nothing for the Commission to analyze. The Complainant does not identify a federal contract allegedly held by The GEO Group, Inc., and the contract that the Complainant

¹⁶ Advisory Opinion 1998-11 (Patriot Holdings) at 5; Advisory Opinion 2005-01 (Mississippi Band of Choctaw Indians) at 2.

¹⁷ MUR 6726 (Chevron Corporation), Factual and Legal Analysis at 7; Advisory Opinion 1998-11 (Patriot Holdings) at 5.

¹⁸ Advisory Opinion 1999-32 (Tohono O’odham Nation) at 5; Advisory Opinion 2005-01 (Mississippi Band of Choctaw Indians) at 2.

¹⁹ Advisory Opinion 2005-01 (Mississippi Band of Choctaw Indians) at 2.

attributes to GEO Corrections Holdings, Inc. was not actually held by GEO Corrections Holdings, Inc., and was not a federal contract. The Complainant submitted two complaints but failed to identify a single federal contract.

However, if we concede that The GEO Group, Inc. is a federal contractor – even though that fact is not established in either the Initial or Supplemental Complaint – it is still clear that GEO Corrections Holdings, Inc. is separate and legally distinct from The GEO Group, Inc. The Complainant claims that GEO Corrections Holdings, Inc. and The GEO Group, Inc. “are nearly indistinguishable” and that MUR 6726 (Chevron Corporation) is distinguishable. The Complainant misstates the relevant law. “Being incorporated at the same address, in the same state” is irrelevant. The *relevant* legal question is whether the two companies are “separately incorporated.” See MUR 6726 (Chevron Corporation), Factual and Legal Analysis at 6. The Commission has never suggested that the incorporator’s address or state of incorporation have any bearing on the issue at hand. In fact, the very matter that the Complainant cites, MUR 6726 (Chevron Corp.), specifically notes that “Chevron and Chevron U.S.A. are located at the same street address.” MUR 6726 (Chevron Corp.), Factual and Legal Analysis at 6. GEO Corrections Holdings, Inc. and The GEO Group, Inc. are separately incorporated.

In fact, each of the entities discussed above is separately organized, either as a corporation or limited liability company, and each has a different federal tax identification number. While the operations of The GEO Group family of companies is complex and overlapping in some regards, the companies within that structure are separate and legally distinct, as is required by complex REIT-related statutes and regulations found in the federal tax code. Separate entities within The GEO Group family of companies may have overlapping leadership, but as the Commission previously determined, “[t]he fact that [Entity 1, Entity 2, and Entity 3] share common officers or directors, absent other factors, would be insufficient to establish that [Entity 2] and [Entity 3] were the alter egos of [Entity 1].” Advisory Opinion 1998-11 (Patriot Holdings) at 5 n.3. The Commission reiterated this holding in MUR 6726 (Chevron Corp.). See MUR 6726 (Chevron Corp.), Factual and Legal Analysis at 6-7 (citing Advisory Opinion 1998-11 for the proposition that “overlapping officers and directors between a parent company and its subsidiaries was insufficient to establish that the subsidiaries were alter egos of the parent company”).

Finally, GEO Corrections Holdings, Inc. “had sufficient funds not derived from revenue of [related organizations] with federal contracts” to make the contributions identified in the Initial and Supplemental Complaint. MUR 6726 (Chevron Corp.), Factual and Legal Analysis at 7. GEO Corrections Holdings, Inc. has annual receipts in excess of \$250 million, and it had sufficient funds not derived from revenues of related organizations with federal contracts far in excess of the total amount of federal contributions at issue in this matter.

In sum, GEO Corrections Holdings, Inc., did not at the relevant times (and does not currently) hold any federal contract. GEO Corrections Holdings, Inc. is separate and legally distinct from other entities within The GEO Group family of companies that may derive revenue from federal contracts. GEO Corrections Holdings, Inc. had sufficient revenue derived from sources other than related entities with federal contracts to make the contributions at issue in this matter.

D. The Constitutionality of the Federal Contractor Prohibition Is Not At Issue In This Matter

The Complainant argues in support of the continued constitutional validity of the federal contractor prohibition with respect to contributions to *any* political committee, including an independent expenditure-only committee. We believe the Complainant's position is incorrect as a matter of law, but that the issue need not be addressed in this matter.

The question of whether the federal contractor prohibition may be applied constitutionally to independent expenditure-only committees has not been definitively and specifically resolved. *Wagner v. FEC* does not address contributions to independent expenditure-only committees, and specifically notes that the plaintiffs in that case did not challenge the prohibition with respect to contributions made to independent expenditure-only committees. *Wagner v. FEC*, 793 F.3d 1, 4 (D.C. Cir. 2015) (“Nor do [plaintiffs] challenge the law as the Commission might seek to apply it to donations to PACs that themselves make only independent expenditures, commonly known as ‘Super PACs.’”). The logic of *Citizens United v. FEC* and *SpeechNow.org. v. FEC* – that independent expenditures are not corrupting as a matter of law, and contributions to committees that make only independent expenditures cannot be corrupting as a matter of law – leads to the unavoidable conclusion that the federal contractor prohibition may *not* be applied constitutionally with respect to a contribution to an independent expenditure-only committee. We acknowledge the Commission's position taken in MUR 6403 (Alaskans Standing Together), but respectfully suggest this position will be rejected by the courts when the issue is squarely presented.

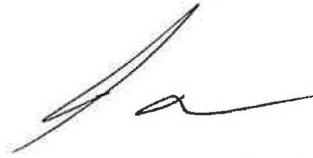
The issue, however, need not be reached in this matter. As explained above, the contribution at issue was not made by a federal contractor, so there is no statutory or regulatory violation.

III. CONCLUSION

There is no reason to believe that GEO Corrections Holdings, Inc. violated 52 U.S.C. § 30119. The Complainant's allegations rest on a series of factual errors and misstatements of the law. While GEO Corrections Holdings, Inc. made the reported contributions to Rebuilding America Now, Senate Leadership Fund, and Conservative Solutions PAC, GEO Corrections Holdings, Inc. is not, and was not at the time, a federal contractor. The contract that the Complainant attributes to GEO Corrections Holdings, Inc. was, in fact, held by GEO Reentry Services, LLC. That contract was not a federal contract, but rather, was a contract with the Louisiana Department of Public Safety. The GEO Group, Inc., GEO Corrections Holdings, Inc., GEO Reentry Services, LLC, GEO Corrections and Detention, LLC, and Cornell Companies, Inc. are all separate and distinct legal entities, so the contracting activities of any one of these entities does not confer federal contractor status on any other entity.

In sum, the Complainant has failed to demonstrate the basic elements of a violation of the federal contractor prohibition and there is no reason to believe a violation of the Act occurred. This Complaint should be dismissed expeditiously.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jason Torchinsky', with a long horizontal flourish extending to the right.

Jason Torchinsky
Michael Bayes
Counsel to Respondents

Attachments

AFFIDAVIT OF AMBER MARTIN

PERSONALLY came and appeared before me, the undersigned Notary, the within named AMBER MARTIN, and makes this his Statement and General Affidavit upon oath and affirmation of belief and personal knowledge that the following matters, facts and things set forth are true and correct to the best of his knowledge:

1. I am Amber Martin, Executive Vice President, Contract Administration, for The GEO Group, Inc. I oversee government contracting matters for The GEO Group, Inc. family of companies.
2. The federal government's contract for services at the D. Ray James Detention Facility is with Cornell Companies, Inc. Cornell Companies, Inc., contracts with, and receives funds from, the U.S. Department of Justice.
3. Neither GEO Corrections Holdings, Inc. nor GEO Reentry Services, LLC is a party to any federal contract involving the D. Ray James Detention Facility.
4. GEO Corrections Holdings, Inc. does not operate the D. Ray James Detention Facility, nor does it hold any contract, federal or otherwise, to provide services in connection with the D. Ray James Detention Facility.
5. GEO Corrections Holdings, Inc., a Florida corporation, is a wholly-owned subsidiary of The GEO Group, Inc., and is a holding company for several operating subsidiaries within The GEO Group family of companies. These subsidiaries are involved in operation, management, and construction of private correctional and detention facilities, community reentry facilities, inmate/detainee transportation, and electronic monitoring and tracking.
6. GEO Corrections Holdings, Inc. does not seek, negotiate, hold, or perform any federal government contracts, or any government contracts of any kind.

[Signature Page Follows]

DATED this the 19 day of January, 2017



Signature of Affiant, Amber Martin

SWORN to subscribed before me, this 19 day of January, 2017



NOTARY PUBLIC

My Commission Expires:

9/10/2018



SHANNON RENEE WELER
NOTARY PUBLIC
STATE OF FLORIDA
Comm# FF158987
Expires 9/10/2018

AFFIDAVIT OF JOHN TYRRELL

PERSONALLY came and appeared before me, the undersigned Notary, the within named JOHN TYRRELL, and makes this his Statement and General Affidavit upon oath and affirmation of belief and personal knowledge that the following matters, facts and things set forth are true and correct to the best of his knowledge:

1. I am John Tyrrell, Director of Finance for The GEO Group, Inc. I am directly involved in the financial operations of The GEO Group, Inc. and various subsidiaries, including GEO Corrections Holdings, Inc.
2. GEO Corrections Holdings, Inc. has receipts in excess of \$250 million annually. These funds are received by other GEO subsidiaries from customers and transferred to GEO Corrections Holdings, Inc. for tax, administrative and management purposes.
3. The annual receipts of GEO Corrections Holdings, Inc., far exceed the amount of the contributions made to Rebuilding America Now (\$225,000), Senate Leadership Fund (\$200,000), and Conservative Solutions PAC (\$100,000), even after receipts from entities with federal contracts are set aside.
4. GEO Corrections and Detention, LLC, a wholly-owned subsidiary of GEO Corrections Holdings, Inc., has numerous state and local government contracts, but does not contract with the federal government. In 2016, GEO Corrections and Detention, LLC earned in excess of \$7.8 million from the State of Florida for its operation of Graceville Correctional Facility, providing GEO Corrections Holdings, Inc. with sufficient revenue from non-federal contractor subsidiaries to fund its political contributions.
5. Cornell Companies, Inc. and GEO Corrections Holdings, Inc. do not have direct financial arrangements with one another, and no revenue from Cornell Companies, Inc. (including revenue derived from its federal contracts) is delivered directly to GEO Corrections Holdings, Inc. Funds received by Cornell Companies, Inc. pass to The GEO Group, Inc.

[Signature Page Follows]

DATED this the 19 day of January, 2017


Signature of Affiant, John Tyrrell

SWORN to subscribed before me, this 19 day of January, 2017


NOTARY PUBLIC

My Commission Expires:

9/10/2018



SHANNON RENEE WELLER
NOTARY PUBLIC
STATE OF FLORIDA
Comm# FF158987
Expires 9/10/2018

AFFIDAVIT OF MARCEL MAIER

PERSONALLY came and appeared before me, the undersigned Notary, the within named MARCEL MAIER, and makes this his Statement and General Affidavit upon oath and affirmation of belief and personal knowledge that the following matters, facts and things set forth are true and correct to the best of his knowledge:

1. I am Marcel Maier, Vice President, Tax, for The GEO Group, Inc. I oversee all tax matters for The GEO Group, Inc. and its various subsidiaries, including GEO Corrections Holdings, Inc.
2. Cornell Companies, Inc. was acquired by The GEO Group, Inc. via merger in 2010, with Cornell Companies, Inc. becoming a wholly-owned subsidiary of The GEO Group, Inc.
3. Prior to December 2012, GEO Reentry Services, Inc. was a wholly-owned corporate subsidiary of The GEO Group, Inc. In December 2012, GEO Reentry Services, Inc. was converted to its present LLC form and renamed, and 100% ownership interest in the entity was transferred from The GEO Group, Inc. to GEO Corrections Holdings, Inc. As a result of this transfer of interest, GEO Corrections Holdings, Inc. became the sole member of GEO Reentry Services, LLC.
4. GEO Reentry Services, LLC employs its own personnel, including operational staff at approximately 25 facilities, and owns office-related property (furniture, computer equipment, office supplies, etc.). GEO Reentry Services, LLC, does not own real property.
5. GEO Reentry Services, LLC, is licensed to do business in 18 states, including Louisiana.
6. Within The GEO Group family of companies, GEO Corrections Holdings, Inc. and Cornell Companies, Inc. are both "first level" subsidiaries that are wholly-owned by The GEO Group, Inc.
7. Pursuant to a management services agreement with The GEO Group, Inc., employees of GEO Corrections Holdings, Inc. perform administrative functions for The GEO Group family of companies.

[Signature Page Follows]

DATED this the 19 day of January, 2017


Signature of Affiant, Marcel Maier

SWORN to subscribed before me, this 19 day of January, 2017


NOTARY PUBLIC

My Commission Expires: 9/10/2018



SHANNON RENEE WELLER
NOTARY PUBLIC
STATE OF FLORIDA
Comm# FF158987
Expires 9/10/2018

Louisiana Department of Public Safety and Corrections, Corrections Services
 Contract Number: _____

CONTRACT BETWEEN
 LOUISIANA DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS, CORRECTIONS
 SERVICES (DEPARTMENT)
 AND

GEO Reentry Services, LLC (Contractor)

CONTRACT # 734349

1) MAILING ADDRESS: GEO Reentry Services, LLC 621 NW 53rd Street, Suite 700	2) CITY, STATE, ZIP CODE: Boca Raton, FL 33487
3) FEDERAL TAX I.D. NUMBER OR SOCIAL SECURITY NUMBER: 46-1260559	4) LICENSE OR CERTIFICATE NUMBER:

5) DESCRIPTION OF SERVICES TO BE PROVIDED: Include description of work to be performed, objectives and measures of performance which should be time bound, description of reports or other deliverables with dates for submission (if applicable). For consulting services, a resume' of key contract personnel and amount of effort each will provide under the terms of the contract should be attached.

Purpose of Contract: The Contractor shall provide a non-residential program designed to provide enhanced community supervision/support, educational remediation, as well as rehabilitative services and behavior modification that address criminogenic needs for participants (male and female) referred by the Division of Probation & Parole (P&P) in East Baton Parish. Participants referred will be supervised by P&P on probation, parole, or diminution of sentence and have technical violations of the conditions of supervision that would normally warrant a request for revocation; or participants returning from incarceration who are deemed to be a high risk for recidivism as determined by P&P. These participants will usually have experienced failures and face significant barriers to the continued success of their community supervision.

Structural components of the Day Treatment Program with Extended Services and Enhanced Supervision shall include:

- ◆ Pre-enrollment and pre-discharge assessments using the approved assessment instruments described in this RFP to determine service needs and outcomes
- ◆ Enhanced Case Management and Supervision
- ◆ Substance Abuse and Mental Health Treatment Services
- ◆ Conflict Resolution
- ◆ Educational Enrichment
- ◆ Soft Skills/Life Skills Enhancement
- ◆ Employment Options and Preparation
- ◆ Aftercare consisting of follow up by phone and/or providing the opportunity for the participant to receive crisis or "acute care" assistance beyond program completion to ensure continued success.

Contract Objectives and Measures of Performance:

1. To provide services for at least 200 people annually and reach a Program capacity of 35-50 people per day
 - a. Utilize multidisciplinary meetings and approved admission criteria to select appropriate participants for the program
 - b. Work closely with the Baton Rouge Probation & Parole District (BRD) and West Baton Rouge District (WBRD) to select appropriate participants for the program through the use of a Department approved, evidence based, needs assessment instrument, which shall be completed by the day reporting program staff during the screening and intake process. This needs assessment instrument shall be used to decide acceptance into the program and used in the creation of the participant's case plan.

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2. To decrease probation/parole revocations by 20%
 - a. Develop and implement a program plan and sanction system that provides internal graduated sanctions
 - b. Develop and implement appropriate interventions that provide services needed to maintain participants in the program
3. To increase employment rates for participants in the program by 20%
 - a. Provide regular employment readiness services to all participants
 - b. Maintain regular contact with employers to verify employment and support job retention
 - i. Minimum of twice per month contact with employer in first month of employment
 - ii. Minimum of once per month contact with employer in subsequent months
4. To have a 60% completion rate for participants in the program
 - a. Assist participants in learning and maintaining the necessary pro-social skills to complete the program
 - b. Use of a level system and graduated sanctions to address internal program violations
 - c. Collaborate with BRD/WBRD in the use of alternative sanctions and "technical revocations"
5. To assess, provide, and/or refer participants for addiction/mental health treatment services as necessary for those identified as needing such services.
 - a. Collaborate with BRD/WBRD regarding the use of alternative treatment programs such as the Blue Walters and Don Francois programs.
 - b. Provide for scheduled on-site or off-site groups that meet the needs of participants as appropriate to available resources, including AA/NA meetings
6. To achieve an average overall lower score on the Department approved, evidence based, needs assessment instrument, for participants at the time of program completion
7. To provide for and encourage collaboration and linkage with community stakeholders to maintain and expand services for participants and those completing the program who require further services
 - a. Develop effective linkages with community stakeholders and treatment providers that may improve outcomes for those in need of services
 - b. Engage in regular dialog with community stakeholders and treatment providers to improve the effective delivery of services and increase community support for the program

The day program will provide a minimum of five (5) hours of structured programming per day, Monday through Friday. Meal time and break time shall not be included in the total daily structured program hours. Every participant assigned to the program shall receive the appropriate Enhanced Supervision and Extended Services through a defined number of hours or sessions per week as determined by the Level of Need indicated in the participant's case plan. Participants shall receive these service interventions for at least the first sixty (60) days after enrollment. The services shall continue beyond the sixty (60) days for those participants who have been identified by the BRD, WBRD and/or the Day Reporting Program staff as needing continued services to ensure success. Reasons for continued services and benchmarks for program completion shall be documented in the participant's case plan.

Onsite services to be provided within required structural components shall include, but shall not be limited to:

- ◆ Pre-Enrollment assessments and pre-discharge assessments using assessments from Texas Christian University as required by the State, which will include, but not be limited to:
 - TCU Criminal History Scale (CHRS)
 - TCU Criminal Thinking Scales (CTS)
 - TCU Social Functioning Scales (SOC)
 - TCU Motivation Scale (MOT)
 - TCU Psychological Functioning (PSY)
 - TCU Adult Family and Friends Scale (A-FMFR)
 - TCU Drug Screen II
- ◆ Cognitive behavioral therapy that addresses the criminogenic needs of participants utilizing curricula approved by the Department;
- ◆ community resource referrals;
- ◆ random drug screens;
- ◆ mentoring/role models (ex. Volunteer speakers and connection with a trained mentor)

Louisiana Department of Public Safety and Corrections, Corrections Services
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- ◆ structured discharge plan that includes recommendations and referrals for continued services (provided to participant and supervising Probation & Parole officer); and
- ◆ employment preparation, "soft" skills development, and job placement assistance

The following services shall be provided on site or referred out to community partners as resources allow. If referred out, services must be tracked and verified by the Contractor on an on-going basis.

- ◆ substance abuse prevention education and/or treatment according to participant need and available resources;
- ◆ anger management and parenting skills training;
- ◆ community service projects/restorative justice opportunities
- ◆ moral/character development training through faith-based connections;
- ◆ educational remediation;
- ◆ GED preparation;
- ◆ vocational skills development; and
- ◆ individual, group and family counseling

The day reporting program shall have a contingency plan in place to handle problems related to the provision of transportation for participants lacking their own transportation. The day reporting program shall provide a noon meal for participants required to be present at the day reporting program for more than four hours each day.

Monitoring Plan: The Department will monitor the success of the Baton Rouge Day Reporting Center through the regular meetings with Contractor's staff and ongoing review of monthly reports submitted to the Department. Monthly reports shall include the following data:

- Total number of participants served during the month.
- Number of continuing participants during the month.
- Number of new participants referred during the month.
- Number of new participants assessed during the month.
- Number of new participants accepted during the month.
- Original (instant offense) charge for each participant who started during the month.
- Categories of technical violations that led to each new participant's inclusion in the Program.
- Total number of on-site hours for participants of the Program per month.
- Total number of counseling hours for participants in the Program per month.
- Total number of educational hours for participants in the Program per month.
- Total number of people enrolled in Job Readiness and Employment Services per month.
- Number of people newly employed and/or who have increased their educational level and job skills per month.
- Number and types of major violations by participants during the month.
- Number and types of sanctions used for the month.
- Number who successfully completed (graduated) the Program during the month.
- Number of program graduates for the month who maintained employment, started new employment, or exhibited educational growth.
- Number who were terminated from the Program during the month, including the reasons for termination and the outcome of termination.
- Number of participants retained for the month and the length of time in the Program.
- Number of graduates who continued to use aftercare services during the month.
- Number of community service hours completed for the month.
- The lengths of time, post-graduation, for continued services.

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Monitoring of contract objectives will be performed by Rhett Covington
 Contract Performance Coordinator
 (Position or Job Title)

6) BEGINNING DATE: 2/1/2015	7) ENDING DATE: 9/30/2015
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This contract is not effective until approved by the Director of the Office of Contractual Review in accordance with La. R.S. 39:1502. It is the responsibility of the Contractor to advise the Department in advance if contract funds or contract terms may be insufficient to complete contract objectives.

8) MAXIMUM CONTRACT AMOUNT: \$266,666.66	9) PAYMENT MADE ONLY UPON APPROVAL OF: Rhett Covington
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Travel and other reimbursable expenses shall constitute part of the total maximum payable under the contract.

10) TERMS OF PAYMENT: Stipulate rate or standard of payment, billing intervals, invoicing provisions; including travel reimbursement when applicable. TRAVEL EXPENSES SHALL BE REIMBURSED IN ACCORDANCE WITH DIVISION OF ADMINISTRATION PROCEDURE MEMORANDUM 49 (STATE TRAVEL REGULATIONS).

Contractor will be paid a per diem rate of \$45.90 for 35-50 client slots per month (reference Attachment IX: Cost Proposal of RFP). The Contractor may only bill for regular work days for Louisiana state employees. The invoice shall list the name of each offender served, dates served, and total days served for the month billed, the authorized rate and the total charges for each offender and must be signed by an authorized representative of the contractor. Payments made to the contractor in each fiscal year shall not exceed the contract maximum or a prorated maximum for partial fiscal years of operation.

Contractor shall bill the Department within fifteen (15) days of the end of the month. The invoice must be submitted to the Contract Performance Coordinator and upon receipt of the invoice the Department will issue one monthly payment to the Contractor. The Department reserves the right to reduce the contractor's invoice if the services provided during the invoiced month have not been provided or have not been provided satisfactorily and in accordance with the contract. Payment of said reduction will be held until satisfactory resolution has been made. After each ninety (90) days of operation, the Department reserves the right to re-evaluate the program and client census to insure the Department's objectives are being met and satisfactory efforts are being made to comply with all contract objectives.

11) SPECIAL PROVISIONS:

The Contractor understands and agrees that the following special conditions of the contract exist for the benefit of the institution, the employees and the inmates and agrees to abide by said special conditions contained herein and in Section 2 "Employee Rules" of the *Corrections Services Employee Manual* which is attached. "Contractor" shall be substituted for "Employee" throughout. Should the manual be modified or amended, Contractor will be notified and shall comply with the rules as modified or amended.

Contractor understands and agrees that violation of any of the following special conditions shall be cause for immediate cancellation of this contract without prior notice:

Warden's Policy

1. While on the institutional grounds, the Contractor will strictly adhere to all federal, state and local laws and institutional directives.
2. Any person may be barred from the institution or removed from the institution if it is in the best interest of the Department.

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3. If requested to do so by the Warden, the Contractor must leave the institution grounds immediately.

In accordance with Department Regulation No. C-01-022 "Sexual Assault and Sexual Misconduct", the Contractor agrees to report allegations of sexual misconduct, respond to investigation inquiries and participate in training as directed by the Department of Public Safety and Corrections. Included in this regulation are the **SEXUAL ASSAULT AND SEXUAL MISCONDUCT WITH INMATES Acknowledgement Form** and the **Louisiana Criminal Code: La. R.S. 14:134 Malfesance in Office Form**, both to be signed by the Contractor and made a part of this contract. Should the regulation be modified or amended, the Contractor will be notified and shall comply with the regulation as modified or amended.

12) STANDARD PROVISIONS:

Any alterations, variations, modifications, waivers of provisions or amendments to this contract shall be valid only when they have been reduced to writing, duly signed by both parties and when required, approved by the Division of Administration and attached to the original of this contract. Reimbursement for services not provided for in this contract shall be disallowed.

Contractor shall not assign any interest in the contract, and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the Department except that claims for money due or to become due to the Contractor from the Department under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Department's Procurement and Contractual Review Division.

The Contractor agrees to abide by the requirements of the following as applicable: Americans with Disabilities Act of 1990, Title VI and VII of the Civil Rights Act of 1964 as amended by Equal Opportunity Act of 1972, La. R.S. 15:574.12, Confidentiality, Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968, as amended, Federal Executive Order 11246, as amended, and the Federal Rehabilitation Act of 1973, as amended. Contractor agrees not to discriminate in its employment practices, and will render services under this contract without regard to race, color, religion, sex, sexual orientation, national origin, veteran status, political affiliation, or disabilities. Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this contract.

Contractor grants to the State of Louisiana, through the Office of the Legislative Auditor, Office of the Governor, Division of Administration, Department of Public Safety and Corrections/Corrections Services Internal Audit Division, Office of the Inspector General, Federal Government and/or other such designated body the right to inspect, review, and audit all books and records, including those of subcontractors, (in whatever form they may be kept, whether written, electronic or other) directly relating or pertaining to the services rendered under this agreement, (including any and all documents, data, and other materials, in whatever form they may be kept, which support or underlie those books and records). This right extends to all books, records, and data reasonably related to the services provided hereunder kept by or under the control of the Contractor, including but not limited to those kept by the Contractor, its employees, agents, assigns, successors, and subcontractors. The Contractor further grants full, unrestricted access to all necessary personnel and resources, and will cooperate fully during such inspections, reviews, and audits. To the extent such books, records, documents, or other information provided by Contractor hereunder or that Department or any other authorized related parties may come into contact with in connection with this Agreement may be considered proprietary or confidential to Contractor, Department and all related parties agree to keep such books, records, documents, and information, irrespective of its form or whether specifically marked proprietary or confidential, confidential and not to disclose it to any person or entity except to effect the purpose of this Agreement.

The Contractor agrees such inspections, reviews, and audits may be during normal business hours at the business location(s) where such books, records, and data are maintained and/or stored, and shall be conducted so as not to unduly burden Contractor's operations. Those performing such inspections, reviews, and audits are granted direct access to all data pertaining

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and supporting services under this agreement, and have a right to use general audit software and other reporting tools against the data files and/or databases. The Contractor further grants the right to audit the Contractor's disaster recovery, and business continuance plans to ensure all books, records, and data will be sufficiently protected in the event of a prolonged outage or disaster.

Contractor is expected to comply with federal and/or state laws regarding an audit of its operation as a whole or of specific program activities. If an audit is performed within the agreement period, for any reason, a copy of the audit engagement letter and final audit report shall be sent to the Office of the Louisiana Legislative Auditor, Office of Inspector General, Department of Public Safety & Corrections/Corrections Services Internal Audit Division, and Department of Corrections Procurement and Contractual Review Division.

Contractor agrees and realizes that this agreement is subject to and conditioned upon the availability and appropriation of Federal and/or State funds and that no liability or obligation for payment will develop between the parties until this agreement has been approved by the Director of the Office of Contractual Review, Division of Administration in accordance with La. R.S. 39:1502.

The continuation of this contract is contingent upon the appropriation of funds to fulfill the requirements of the contract by the legislature. If the legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Should Contractor or any of its employees become an employee of the classified or unclassified service of the State of Louisiana during the effective period of the contract, Contractor or its employees must notify the appointing authority of the State agency for which he has become employed of any existing contract with the State of Louisiana. The Department reserves the right to cancel the contract should a conflict of interest or a violation of state law occur as a result of employment with the State.

No funds provided herein shall be used to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall such funds be used to lobby for or against any proposition or matter having the effect of law being considered by the Legislature or any local governing authority or of any political subdivision. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law under consideration by the Legislature or governing authority or of any political subdivision. Contracts with individuals, such as physicians, shall be exempt from this clause.

Contractor agrees to protect, defend, indemnify, save and hold harmless the State of Louisiana, all State Departments, Agencies, Boards and Commissions, its officers, agents, servants and employees, including volunteers, from and against any and all claims, demands, expense and liability arising out of injury or death to any person or the damage, loss or destruction of any property which may occur or in any way grow out of any act or omission of the Contractor, its agents, servants, and employees and any and all costs, expense and/or attorney fees incurred by the Contractor as a result of any claim, demands, and/or causes of action except for those claims, demands and/or causes of action arising out of the negligence of the Department, its agents, representatives, and/or employees. Contractor agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands, or suit at its sole expense and agrees to bear all other costs and expenses related thereto, even if it (claim, etc.) is groundless, false, or fraudulent.

Contractor agrees to retain all books, records, and other document relevant to this contract and the funds expended hereunder for at least three (3) years after final payment.

Contractor agrees that the responsibility for payment of taxes from the funds thus received under this agreement and/or legislative appropriation shall be Contractor's obligation.

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IN NO EVENT DOES CONTRACTOR ASSUME ANY RESPONSIBILITY OR LIABILITY FOR THE ACTS OR OMISSIONS OF ANY PARTICIPANT OF THE PROGRAMS CONTEMPLATED HEREUNDER AND OFFERED BY CONTRACTOR TO THE DEPARTMENT.

Contractor shall not enter into any subcontract for work or services contemplated under this agreement without obtaining prior written approval of the Department. Any subcontracts approved by the Department shall be subject to the conditions and provisions that the Department may deem necessary. Such prior written approval, unless otherwise provided in this agreement, shall not be required for the purchase by Contractor of supplies and services which are incidental but necessary for the performance of the work required under this agreement. No provisions of this clause and no such approval by the Department of any subcontract shall be deemed in any event or manner to provide for the incidence of any obligation of the Department beyond those specifically set forth herein. No subcontract shall relieve the Contractor of responsibility for the performance under this contract.

Any dispute concerning question(s) of fact arising under this contract, which is not disposed of by agreement between the Contractor and Contract Performance Coordinator, shall be decided by the Undersecretary of the Department who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. In connection with any proceeding under this clause, the Contractor shall be afforded the opportunity to be heard and to offer evidence in support of its appeal. The decision of the Undersecretary shall be final and conclusive unless within thirty (30) days from the date of the receipt or refusal to accept such copy, which will be sent by certified mail, the Contractor mails or otherwise furnishes to the Secretary of the Department a written appeal. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive. Contractor may, however, choose to pursue the dispute in accordance with the provisions of LSA R.S. 39:1524 -1526. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract in accordance with the Secretary or designee's decision.

The Contractor or Department shall be excused from performance under the contract for any period that the Contractor or Department is prevented from performing any services in whole or in part as a result of an act of God, strike, war, civil disturbance, epidemic or court order provided the Contractor or Department had prudently and promptly acted to take any and all corrective steps that are within the Contractor's or Department's control to ensure that the Contractor or Department can promptly perform.

The Department may terminate this Contract for cause based upon the failure of the contractor to comply with the terms and/or conditions of the contract; provided that the Department shall give the Contractor written notice specifying the Contractor's failure. If within thirty (30) days after receipt of such notice, the Contractor shall not have either corrected such failure or, in the case which cannot be corrected in the thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the Department may, at its option, place the Contractor in default and the contract shall terminate on the date specified in such notice. The Contractor may exercise any rights available to it under Louisiana Law to terminate for cause upon the failure of the Department to comply with the terms and conditions of this contract; provided that the Contractor shall give the Department written notice specifying the Department's failure and a reasonable opportunity for the Department to cure the defect.

The Department or Contractor may terminate this contract at any time by giving thirty (30) days written notice to either party. The Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily. The Department has the right to cancel this contract upon less than thirty (30) days due to

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budgetary reductions or changes in fund priorities of the State as stated hereinabove.

The contract is also subject to termination upon the filing of a petition under Federal Bankruptcy Law or thirty (30) days after the filing of such petitions by the Contractor, unless such petitions shall have been dismissed during such thirty (30) day period.

Upon completion or termination of this contract all records, reports, worksheets or any other materials related to this contract shall become the property of the Department and shall, upon request, be returned at Contractor's expense to the Department. The Department shall retain ownership of all work product and documentation in whatever form.


Order of Precedence Clause

In the event of any inconsistent or incompatible provisions, this signed agreement (excluding the RFP and Contractor's proposal) shall take precedence, followed by the provisions of the RFP, and then by the terms of the Contractor's proposal.


Entire Agreement Clause

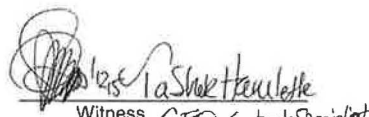
This contract, together with the RFP and addenda issued thereto by the Department, the proposal submitted by the Contractor in response to the Department's RFP, and any exhibits specifically incorporated herein by reference, constitute the entire agreement between the parties with respect to the subject matter.

This agreement contains or has attached hereto all the terms and conditions agreed upon by the contracting parties. In witness whereof, this agreement is signed and entered into on the date indicated below.


James M. Le Blanc, Secretary
LA Department of Public Safety and Corrections, Corrections Services
Date 2/2/15


Witness


Loren Grayer
Divisional Vice President
Date 1/21/15


Witness
CEO, Contract Specialist

APPROVED
Office of the Governor
Office of Contractual Review

FEB 26 2015

Elizabeth Kuyappi, CPPB
for Pamela Canty Rice

ATTACHMENT IV: BOARD RESOLUTION FOR CORPORATIONS

State of Louisiana
Parish of East Baton Rouge

On the 30th day of January, 2015, at a meeting of the Board of Directors of:

GEO Re-entry Services, LLC, a Florida limited liability company.

with a quorum of the directors present, it was duly moved and seconded that the following resolution be adopted:

BE IT RESOLVED that the Board of Directors of the above corporation do hereby authorize Loren Gray, Vice President and his/her successors in office to negotiate, on terms and conditions that he/she may deem advisable, a contract or contracts with the Louisiana Department of Public Safety and Corrections and to execute said documents on behalf of the corporation, and further we do hereby give him/her the power and authority to do all things necessary to implement, maintain, amend or review said documents.

The above resolution was passed by a majority of those present and voting in accordance with the by-laws and articles of incorporation.

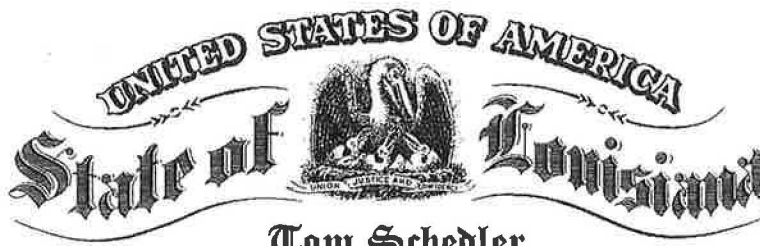
I certify that the above and foregoing constitutes a true and correct copy of a part of the minutes of a meeting of the Board of Directors of GEO Re-entry Services, LLC held on the 30th day of January, 2015.

Loren Gray
Loren Gray, Vice President, GEO Re-entry Services

January 30, 2015
Date

John Griffin
John Griffin, Secretary

January 30, 2015
Date



Tom Schedler
SECRETARY OF STATE

As Secretary of State of the State of Louisiana I do hereby Certify that

the Application Form for Certificate of Authority of

GEO RE-ENTRY SERVICES, LLC

Domiciled at BOCA RATON, FLORIDA,

Was filed and recorded in this Office on June 12, 2014.

Thus authorizing the limited liability company to exercise the same rights and privileges accorded similar domestic limited liability companies, subject to the provisions of R. S. Title 12, Chapter 22, Part VIII.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

June 12 2014

Secretary of State

WEB 41551554Q



Certificate ID: 10499763#F5P83

To validate this certificate, visit the following web site, go to **Commercial Division, Certificate Validation**, then follow the instructions displayed.
www.sos.louisiana.gov