

JPMorgan Chase: Financier to Private Prisons
The Center for Popular Democracy and Make the Road New York

The nation's two largest private prison and immigrant detention corporations--CoreCivic (formerly known as Corrections Corporation of America) and Geo Group--rely on billions of dollars of debt financing to expand their operations (See Appendix I). Wall Street's largest banks provide this financing in the form of loans, lines of credit, and bonds. According to 2017 U.S. Securities and Exchange Commission filings, there are significant financial ties between JPMorgan Chase and both CoreCivic and Geo Group.

Term Loan

JPMorgan Chase is part of a syndicate of banks that makes significant loans to CoreCivic. As of June 2017, Chase loaned CoreCivic \$13.23 million through a term loan.¹ Under this term loan, CoreCivic borrowed a total of \$90,000,000 from 8 banks including Chase which loaned 14.7 percent of the total loan.²

Corporate Bonds

Bond Ownership

- Based on analysis by In the Public Interest, J.P. Morgan Investment Management and J.P. Morgan Asset Management owned a combined \$89 million of CoreCivic's bonds as of October 2016.³
- JPMorgan Investment Management owned a combined total of \$77 million of Geo Group's bonds as of October 2016.⁴

Underwriting

- Chase was one of 11 underwriters of CoreCivic's most recent 2015 corporate bond offering of \$250M.
 - Chase underwrote \$40 million in bonds⁵ and received an underwriting discount from of \$300,000.⁶

¹ The value of the Chase loan was derived from the commitment percentages and the total loan value

² Source for Commitment Percentages is CoreCivic's (fka CCA) "Third Amended and Incremental Term Loan Agreement chart dated 6 October 2015, Schedule 1," <https://www.sec.gov/Archives/edgar/data/1070985/000119312515338832/d52952dex101.htm>; Securities and Exchange Commission filing, CoreCivic, Inc. Form 10-Q, for Quarterly Period Ending June 30, 2017, https://www.sec.gov/Archives/edgar/data/1070985/000156459017016361/cxw-10q_20170630.htm, page 10.

³ "The Banks that Finance Private Prison Companies," In the Public Interest, November 2016, Based on Bloomberg Terminal data as of October 2016, https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf, Table 8, page 18.

⁴ "The Banks that Finance Private Prison Companies," In the Public Interest, November 2016, Based on Bloomberg Terminal data as of October 2016, https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf, page 6.

- GEO Group issued its most recent set of bonds, totaling \$350 million, in April 2016.⁷ These bonds have a 6 percent interest rate and a 2026 due date.⁸
 - Chase underwrote \$42 million of notes for GEO Group’s offering in 2016⁹ and received an underwriting discount of \$630,000.¹⁰
- In September 2014, GEO Group issued a set of bonds totaling \$250 million that had a 5.875 percent interest rate and a 2024 due date.¹¹
 - Chase underwrote \$31.25 million of notes for Geo Group’s offering in 2014¹² and received an underwriting discount of \$468,750.¹³
- Chase has a long-standing history of underwriting CoreCivic bonds. Chase was part of a syndicate of banks that underwrote \$675 million notes for CoreCivic’s 2013 bonds.¹⁴ The bank also underwrote \$105,788,000 in bonds in 2009.¹⁵

Revolving Credit

CoreCivic

As of June 30, 2017, CoreCivic owed \$411 million under its revolving credit agreement.¹⁶ \$60 million of that debt is owned by JPMorgan Chase.¹⁷ The agreement includes an “accordion” feature that

⁵ CoreCivic Prospectus Supplement (for 5.00% bonds due 2022), dated 21 September 2015, <https://www.sec.gov/Archives/edgar/data/1070985/000119312515325050/d96970d424b5.htm>, page S-55; List of current bond offerings for “CoreCivic CXW” reported on Financial Industry Regulatory Authority, Inc. (Accessed 8/31/2017), <https://finra-markets.morningstar.com/BondCenter/BondDetail.jsp?ticker=C639851&symbol=CXW4291234>.

⁶ CoreCivic agreed to pay each underwriting bank an underwriting discount per note of 0.75 percent. By multiplying the principal amount of notes Chase underwrote (\$40 million) by 0.75%, Chase received an underwriting discount of \$300,000.

⁷ Securities and Exchange Commission filing, Geo Group Form 8-K, April 18, 2016, <https://www.sec.gov/Archives/edgar/data/923796/000119312516545008/d172173d8k.htm>, page 1.

⁸ Securities and Exchange Commission filing, Geo Group Form 8-K, April 18, 2016, <https://www.sec.gov/Archives/edgar/data/923796/000119312516545008/d172173d8k.htm>, page 1.

⁹ Securities and Exchange Commission filing, Geo Group Form 424B5, dated April 11, 2016, <https://www.sec.gov/Archives/edgar/data/914670/000119312516539978/d167214d424b5.htm>, page S-89.

¹⁰ GEO Group’s Prospectus Supplement (for 6.00% bonds due 2026), dated 11 April 2016, second page (no page number in filing). The values in the table were derived by multiplying the principal amount of notes each bank agreed to underwrite by 1.5 percent, the underwriting discount per note:

<https://www.sec.gov/Archives/edgar/data/914670/000119312516539978/d167214d424b5.htm>, pages 1 and S-89.

¹¹ GEO Group’s Prospectus Supplement (for 6.00% bonds due 2026), April 11, 2014, <https://www.sec.gov/Archives/edgar/data/914670/000119312514351631/d791758d424b5.htm>, page S-89.

¹² Securities and Exchange Commission filing, Geo Group’s Prospectus Supplement, September 24, 2014, <https://www.sec.gov/Archives/edgar/data/914670/000119312514351631/d791758d424b5.htm>, page S-94.

¹³ GEO Group’s Prospectus Supplement (for 5.875% bonds due 2024), September 24, 2014, second page (no page number in filing). The values in the table were derived by multiplying the principal amount of notes each bank agreed to underwrite by 1.5 percent, the underwriting discount per note:

<https://www.sec.gov/Archives/edgar/data/914670/000119312514351631/d791758d424b5.htm>, pages 1 and S-94.

¹⁴ “The Banks that Finance Private Prison Companies,” In the Public Interest, November 2016, Based on Bloomberg Terminal data as of October 2016, https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf, page 41.

¹⁵ Security and Exchange Commission filing, Corrections Corporation of America, Prospectus Supplement dated May 19, 2009, <https://www.sec.gov/Archives/edgar/data/1070985/000095014409004468/g19154b5e424b5.htm>, page S-82.

allows the company to request an increase in their credit limit up to an additional \$350 million. Under the agreement, CoreCivic’s revolver matures in July, 2020.¹⁸

Revolving Credit

Geo Group

As of June 30, 2017, Geo Group had paid its debt under the revolving credit agreement down to \$194 million.¹⁹ The agreement includes an “accordion” feature that allows the company to request an increase in their credit limit up to an additional \$450 million.²⁰ Under the agreement, Geo Group’s revolver matures in May, 2021.²¹

Chase stockholdings in private prison companies (as of June 30, 2017)²²

As of June 2017, JPMorgan Chase has significant stockholdings in both CoreCivic and and Geo Group worth \$11 million and \$72 million, respectively.

	CoreCivic		Geo Group	
Bank	Values of Shares Invested	Number of Shares Invested	Value of Shares Invested	Number of Shares Invested
JPMorgan Chase	\$11,063,000	417,787	\$72,764,000	2,680,079

¹⁶ Securities and Exchange Commission filing, CoreCivic, Inc. Form 10-Q, for Quarterly Period Ending June 30, 2017, <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=117983&fid=15149023>, page 10.

¹⁷ Under the credit agreement, JPMorgan committed to providing 14.7% of CoreCivic’s \$900 million line of credit. Corrections Corporation of America, [Form 8-K](http://secfilings.nasdaq.com/filingFrameset.asp?FilingID=10820310&RcvdDate=7/24/2015&CoName=CORECIVIC%2C%20NC.&FormType=8-K&View=html), Exhibit 10.1, Schedule 1. July 24, 2015, <http://secfilings.nasdaq.com/filingFrameset.asp?FilingID=10820310&RcvdDate=7/24/2015&CoName=CORECIVIC%2C%20NC.&FormType=8-K&View=html>. 14.7% of the outstanding \$411 million debt (\$60 million) is owed to Chase.

¹⁸ Securities and Exchange Commission filing, CoreCivic, Inc. Form 10-Q, for Quarterly Period Ending June 30, 2017, <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=117983&fid=15149023>, page 10.

¹⁹ Securities and Exchange Commission filing, CoreCivic, Inc. Form 10-Q, for Quarterly Period Ending June 30, 2017, <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=117983&fid=15149023>, page 23.

²⁰ Securities and Exchange Commission filing, CoreCivic, Inc. Form 10-Q, for Quarterly Period Ending June 30, 2017, <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=117983&fid=15149023>, page 22.

²¹ Securities and Exchange Commission filing, Geo Group Form 10-Q, for Quarterly Period Ending June 30, 2017, <http://investors.geogroup.com/Cache/389804090.pdf>, page 55.

²² Data reported on CoreCivic and Geo Group’s 13F SEC filings for the quarter ended June, 30 2017, as reported on NASDAQ: CoreCivic: <http://www.nasdaq.com/symbol/cxw/institutional-holdings?page=3>; Geo Group: <http://www.nasdaq.com/symbol/geo/institutional-holdings> (Accessed 8/31/2017).

Appendix I

CoreCivic: 1.4 billion in debt (as of June 30, 2017)²³

Type of Debt	Loan Date	Maturity Date	Amount
Term loan	2015	2020	\$90,000,000
Revolving credit	2013/2015	2020	\$411,000,000
4.125% bonds	2013	2020	\$325,000,000
5.0% bonds	2015	2022	\$250,000,000
4.625% bonds	2013	2023	\$350,000,000
Total			\$1,426,000,000

Note: The revolving credit's loan date is expressed as "2013/2015" because the original revolving credit agreement (from 2013) was amended (in 2015).

Geo Group: 2.1 billion in debt (as of June 30, 2017)²⁴

Type of Debt	Loan Date	Maturity Date	Amount
Term loan	2014/2016	2020	\$798,000,000
Revolving credit	2014/2016	2021	\$194,168,000
5.875% bonds	2013	2022	\$250,000,000
5.125% bonds	2013	2023	\$300,000,000
5.875% bonds	2014	2024	\$250,000,000
6.0% bonds	2016	2026	\$350,000,000
Total			\$2,142,168,000

²³ Securities and Exchange Commission filing, CoreCivic, Inc. Form 10-Q, for Quarterly Period Ending June 30, 2016. <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=117983&fid=14518364>, page 16; Securities and Exchange Commission filing, CoreCivic, Inc. Form 10-Q, for Quarterly Period Ending June 30, 2017, <http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=117983&fid=15149023>, page 16.

²⁴ Securities and Exchange Commission filing, Geo Group Form 10-Q, for Quarterly Period Ending June 30, 2016, <http://investors.geogroup.com/Cache/35390055.pdf>, page 18; Securities and Exchange Commission filing, Geo Group Form 10-Q, for Quarterly Period Ending June 30, 2017, <http://investors.geogroup.com/Cache/389804090.pdf>, page 21.

Note: This table excludes non-recourse debt and other debts that GEO Group includes in its financial statements. The company's total debt is 2,653,179,000 as of June, 30, 2017, and the company's long-term debt is \$2,107,208,000. The term loan's and revolving credit's loan dates are expressed as "2014/2016" because the original agreements from 2014 were amended in 2016.

A note on methodology: This factsheet draws heavily on the methodology developed and published by In the Public Interest in their groundbreaking November 2016 report "The Banks that Finance Private Prison Companies." Full text of that report is available here:

https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf