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## CCA has eight lobbyists on Capitol Hill — and yet it says it doesn't lobby on incarceration issues. Maybe it doesn't have to. Correctamundo!

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Imagine a United States of America in which fewer people are put in prison. One in which minimum sentences for nonviolent criminals are lowered. One in which the government abandons much of its failed War on Drugs, leaning toward decriminalization of marijuana and replacing incarceration with treatment. Imagine immigration reforms that could fix a largely broken system and decrease the number of people we arrest and detain.

Executives at Corrections Corporation of America, the nation's largest private prison company, have imagined this America. Apparently it worries them. In a 2013 annual report, the Nashville-based prison profiteers warned shareholders that these sorts of policy shifts — along with other frightening trends like "reductions in crime rates" — represent a risk to their future returns.

"The demand for our facilities and services could be adversely affected by the relaxation of enforcement efforts, leniency in conviction or parole standards and sentencing practices or through decriminalization of certain activities that are currently proscribed by criminal laws," the report reads. "For instance, any changes with respect to drugs and controlled substances or illegal immigration could affect the number of persons arrested, convicted, and sentenced, thereby potentially reducing demand for correctional facilities to house them."

The report goes on to list other developments that could adversely affect prison population and hence profit, from immigration reform laws to electronic monitoring as an alternative to incarceration. Such cautionary language has been commonplace in CCA's annual reports for the past several years, as prison populations in general trend slightly downward across the country.



"The U.S. Securities and Exchange Commission (SEC) has strict guidelines for public companies regarding disclosures, which means we are required by law to share a wide variety of information with investors so they can make informed decisions," says Steve Owen, senior director of public affairs for CCA. "Those disclosures are nothing more than our company's effort to comply with the SEC's guidelines, and also include factors like the weather and general economic conditions."

Yet critics wonder whether such statements show CCA has a vested interest in maintaining retrograde policies, crowded facilities and stringent sentences. Since only laws, not prison companies, have the power to lock people away, it stands to reason the corporation would target the legislators who make the rules. That's why the very next sentence in the CCA annual report cited above seems curious:

"Our policy prohibits us from engaging in lobbying or advocacy efforts that would influence enforcement efforts, parole standards, criminal laws, or sentencing policies."

Really? If that is indeed the case — as CCA spokesman Owen insists it is — why does the prison-for-profit giant employ no fewer than eight lobbyists on Tennessee's Capitol Hill?

The truth is, those two things may not be all that hard to reconcile. When a player wields the kind of broad influence CCA does, it may not have to lobby all that hard to get its way on individual issues.

**T**he groundswell of political support for prison and drug reform at the national level indicates Americans may be losing their appetite for mass incarceration. But for many years, that appetite has been very good for CCA. Earlier this year, Al Jazeera America reported that CCA's stock price has doubled in the past decade. In 2012, the company brought in \$1.7 billion in gross revenue, and \$156.8 million in profit.

But while the corporation has ridden that wave, millions of Americans have been going under. Since CCA's founding in 1983, over the subsequent 30 years, America's prison population has grown by some 500 percent. It's a billion-dollar industry that admittedly benefits from harsh sentencing, the criminalization of drug use and immigration detention — not exactly an incentive for privatized prisons to support reforms in those areas. By its very existence, for more than three decades, CCA has sustained and strengthened a set of incentives and market forces that are inextricable from the nation's current approach to incarceration.

CCA did not create the system that has made America's incarceration rate the highest in the world. Nor did it conceive a political system awash in corporate money and influence. But its success owes much to the convergence of those factors. Its political influence is immense for some of the same reasons that Wall Street investment banks largely have their way with the government. It showers candidates far and wide with campaign contributions; its ranks include a number of former government officials and well-connected players; and it employs highly influential lobbyists.

Does it let them lobby on incarceration issues that might affect its bottom line, such as the recent pioneering law that makes it a felony for pregnant women in Tennessee to abuse substances that might harm their unborn children? Owen says no.

"We have stated unequivocally — and repeatedly — that we do not draft, lobby for or in any way promote policies that determine the basis or duration for an individual's incarceration or detention," Owen says in a written statement emailed to the Scene. "This is the rule for our in-house and external government relations teams alike. It is written into the contracts of our government relations consultants that they are prohibited from taking positions on such policies. We can and will terminate anyone who does not comply. Our publicly available lobbying disclosure forms and our annual lobbying report illustrate our strict adherence to this policy."

What's perhaps more important than whether CCA explicitly twists legislative arms, however, is that it might not have to. If you set up the dominoes just right, sometimes they fall on their own.

CCA is a creature of government by necessity. Its product, essentially, is prison beds, and only the government can send a person to one of those. As Owen tells the Scene via email, "The fact is, our only customer is government." Nearly all of CCA's revenue comes from government contracts. In Tennessee, the company operates six facilities with contracts totaling nearly \$100 million annually.

Being born of government, connections between CCA and elected officials were strong at its inception. They remain so today. Co-founder Tom Beasley is a former chairman of the Tennessee Republican Party, and an old friend of former governor and current U.S. Sen. Lamar Alexander. In the 1980s, Alexander's wife Honey owned stock in CCA — which she went on to trade, amid some controversy, to the Massey-Burch Investment Group for shares of extremely valuable insurance stock — and Alexander endorsed CCA's failed bid to take over the state's prisons in 1985. For the PR side of that push, CCA relied on the wizardry of Alexander's former chief of staff, Tom Ingram, who remains a political force today (although he hasn't been connected to CCA for some time).

The company's upper echelon is studded with figures whose backgrounds have similar degrees of power. Harley Lappin, the former director of the Federal Bureau of Prisons, is an executive vice president and chief corrections officer, while Thurgood Marshall Jr. — son of the iconic Supreme Court Justice and a former appointee in all three branches of the federal government — sits on the board of directors.

"They could probably just sit at a desk all day and play solitaire on Windows XP, and still be worth the millions of dollars that they pay them," says Alex Friedmann, a former CCA inmate who's made himself a persistent thorn in the company's cot. He's done so largely by becoming any corporation's worst nightmare: a renegade shareholder.

Reporters from the Scene and WPLN were not permitted to attend last week's annual CCA shareholders' meeting at company headquarters in Green Hills. But Friedmann was. Not long after the meeting, he set out an imposing array of printed materials at Fox's Donut Den to discuss what he describes as CCA's tentacles of influence.

While serving a 10-year sentence for attempted murder, armed robbery and attempted aggravated robbery, before his parole in 1999, Friedmann compiled a list of the corporation's government bedfellows. He recalls that Beasley and former Tennessee Gov. Don Sundquist had been partners in Red, Hot & Blue, a barbecue restaurant chain they opened in the late 1980s. But the corporation's influence ran deep on both sides of the aisle. A decade later, the Democratic House speaker at the time, Jimmy Naifeh, was married to Betty Andrews, then CCA's chief lobbyist.

But there are easier ways to cozy up to powerful elected officials. According to its own 2012 political activity report, which it makes available to the public, CCA and its political action committee spent a combined \$956,135.86 on contributions to candidates, parties, or PACs at the federal, state and local levels in 2012. The corporation spent more money in Tennessee than in any other state that year save California, dropping a total of \$75,850 on state and local candidates, both parties, and affiliated committees.

CCA spent almost as much in 2013, racking up nearly \$60,000 in contributions to a wide array of state legislators. Its contributions went largely to Republicans, but not entirely. In recent years, it has written checks to most of the state's most powerful officials or their affiliated PACs, if not both. Since 2010 it has given at least the following:

- \$27,400 to Gov. Bill Haslam.
- \$5,000 to the Republicans Achieving a Majority PAC, founded by Lt. Gov. Ron Ramsey, but no contributions to Ramsey himself.
- \$7,500 to House Speaker Beth Harwell and HarwellPAC.
- \$3,500 to House Majority Leader Gerald McCormick.
- \$1,500 to House Republican Caucus Chairman Glen Casada, and \$500 to CAS PAC, which he founded.
- \$2,000 to House Minority Leader Craig Fitzhugh.
- \$1,000 to Senate Majority Leader Mark Norris.

"If you're spending a million dollars, are you getting nothing for it?" Friedmann asks. "I mean, if I spend money" — he glances over at the Donut Den display case — "if I go over to that counter and I give them \$5, I want doughnuts."

**O**n the other hand, what if an operative were to go over to that counter, give the staff \$5, and simply educate them about how much his bosses would enjoy a doughnut? Minus the doughnuts, that somewhat resembles how CCA describes the way it exerts its influence. The corporation is up front about its ongoing efforts to secure more government contracts to run prisons — as in its controversial 2012 pitch to buy up prisons in 48 states, on conditions including a 20-year minimum contract and a guaranteed minimum occupancy of 90 percent.

"In general, corporations, nonprofits and individuals alike tend to support their local elected officials," CCA spokesman Jonathan Burns tells the Scene. "CCA's lobbying efforts are dedicated to educating decision makers on the benefits of public-private partnership in corrections and detention generally, and the relevant services that CCA provides, such as our quality rehabilitation and re-entry programming. Elected incumbents also rotate through offices, and the education process, even in jurisdictions where CCA has had a long established presence, is ongoing."

When asked specifically if Gov. Haslam had been lobbied or contacted by CCA about the bill regarding drug use during pregnancy, spokesman Dave Smith said the governor hadn't spoken to CCA. Furthermore, Smith said, he would "push back strongly" against any notion Haslam made his decision to sign the bill based on contributions. In a statement to the Scene, House Speaker Beth Harwell also dismissed the idea of direct influence from CCA.

"I did not meet with anyone from CCA this year or last regarding sentencing or any criminal law policies," Speaker Harwell says. "And although several members introduced legislation on that subject matter, as you know, in most cases fiscal restraints have prevented us from passing many sentencing and criminal bills."

Republican Sen. Steve Dickerson, who received \$1,000 from CCA in 2012 (and whose district includes their Green Hills headquarters), tells the Scene he's never been lobbied by them "on any matter." Even Friedmann is careful not to claim with certainty that CCA explicitly lobbies for stricter criminal laws or harsher sentences, saying "there's a lot of smoke, but there's no smoking gun."

Yet there was plenty of smoke in 2010, when Arizona passed a strict new immigration law similar to model legislation drafted by the American Legislative Exchange Council, the conservative policy-pushing organization that at the time counted CCA among its members. That bill spawned copycat legislation in other states, including Tennessee. It also raised questions about what CCA hoped to get out of the regulations — i.e., was the corporation trying to shore up its immigration-detention contracts by creating more detainees? CCA vehemently denied that, and it cut ties with ALEC soon after.

In 2012, according to its records, CCA spent \$2.6 million in "fees and other expenditures relating to lobbying" at the federal, state and local levels. In Tennessee alone, it has eight lobbyists registered to work on its behalf. Most of them work for

Johnson Poss Government Relations, one of the elite firms working on the Hill. Burns says they spend their efforts "educating decision makers" on the benefits of CCA-operated prisons.

But does CCA sit idly by as a slew of bills related to criminal law, enforcement and sentencing — all of which they openly admit could have a direct effect on their profits — are being proposed and debated? And for a lawmaker, if thousands of dollars and hundreds of jobs are coming from CCA to your campaign coffers and your district, might that at least create friendlier conditions for a bill that's tough on crime — and as it happens, good for the private prison industry? The Scene put the questions to a state legislative staffer, who agreed to answer on condition of anonymity.

"In my time up here," the staffer said, "they have lobbied for every single criminal enhancement that has come before the general assembly."

If that sounds like a clear refutation of CCA's noble-sounding policy, it's not — not exactly. The reality is much murkier. Johnson Poss lobbyists were registered to represent nearly 40 different organizations this year. By hiring them, CCA doesn't just get experienced political operators: It gets the influence and connections to legislators that come with representing dozens of clients, whose interests may fortuitously overlap.

It also provides cover and plausible deniability for activity that you might not describe as "education." Other Johnson Poss clients may well support, say, a bill that creates harsher sentences for certain offenders. The firm is free to lobby away on behalf of those clients, not CCA.

"So CCA gets the benefit of having their lobbyist — whom legislators know represent CCA and control the PAC for CCA — lobby for these bills without technically violating the company policy," the staffer explains.

Would their boss be willing to go on the record, then, to talk about CCA's presence on Capitol Hill, and any experience interacting with them? Not a chance. It's hard enough for the lawmaker to raise money in the minority, the staffer says, "and I can't piss them off."

Nathan Poss, who heads up Johnson Poss' work for CCA, tells the Scene he'd love to talk "but my contract with CCA forbids me from talking to the press." Another experienced state lobbyist tells the Scene he rarely sees or hears of CCA working on the Hill, but he assumes it's because they hold things close to the vest. He says he understands they have good relationships with the legislative committees they work with, as well as the Haslam administration.

The governor has been under pressure from the American Civil Liberties Union and 23,000 petition signers who want him to cut the state's ties with CCA. But while officials in Texas and Mississippi elected last year to not to renew their contracts with the company, CCA's reach in Tennessee is actually expanding. Earlier this month, officials in Trousdale County approved a new 2,500-bed state prison facility — run by CCA.

CCA insists it is not actively working to influence the type of laws and policies that would ensure a continuing need for its services. It has two crucial factors on its side that may suggest why. One is longevity. CCA has twice tried to buy Tennessee's prison system: once shortly after its founding in 1985, and again in 1997. The corporation is still here, even though the latter attempt eventually failed and the accompanying legislation was withdrawn. Alex Friedmann was there to cover it for the publication Prison Legal News, where he is a managing editor. His piece, from 1998, quotes then-CCA spokeswoman Susan Hart, whose words signal anything but defeat: "There are always future legislative sessions."

That brings up the other factor: necessity. As long as there are resource-strapped states, as long as there are conditions that foster crime and recidivism, as long as there are disproportionately harsh sentences for nonviolent offenders, there will be a need for more prisons — especially ones that can turn a profit in the bargain. Incarceration is CCA's business, and business isn't going away anytime soon.

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