



# Human Rights Defense Center

DEDICATED TO PROTECTING HUMAN RIGHTS

## Private Prison Strategies: Divestment

The nation's two largest private prison companies, CCA and GEO Group, trade on the New York Stock Exchange under the symbols CXW and GEO, respectively. As of October 2015, CCA had issued approximately 117 million shares of stock with a market cap of \$3.5 billion, while GEO had issued around 75 million shares with a market cap of \$2.38 billion.

Other private prison companies, including Management & Training Corporation, Community Education Centers, LaSalle Southwest Corrections and Emerald Correctional Management, are privately held and thus do not have publicly-traded stock.

There is a long history of divestment from private prison firms; Columbia University divested all of its holdings in private prison stock in June 2015 following a student-led campaign, as did the United Methodist Church in 2012. The company handling Yale University's endowment fund divested from private prisons in 2006, and early divestment efforts date back to the Not With Our Money campaign in the early 2000s, targeting then-CCA investor Sodexo Marriott.

Currently, Enlace, an alliance of workers, unions and community organizations, is coordinating the National Private Prison Divestment Campaign. One of their targets is Wells Fargo Bank, which sold off most of its GEO Group stock but still owns over 1 million shares in CCA.

Color of Change, an activist civil rights group, has also championed divestment from private prison firms, and in April 2014 was successful in pressuring three companies to divest: Scopia Capital, DSM North America and Amica Mutual Insurance.

The goal of divestment campaigns is not to have a material financial impact on private prison companies, as divestment means a lateral transfer of stock from one owner to another. Rather, divestment campaigns that target private prisons are useful in terms of organizing, educating the public on private prison issues, making a statement about the private prison industry, developing media campaigns and publicity, and shaming the companies by putting their stock in the same category as other undesirable or "toxic" investments such as the tobacco industry.

Around 90% of CCA and GEO Group stock is owned by institutional investors (banks, mutual funds, private equity firms, etc.), not by individuals. A number of public employee retirement/pension funds are invested in both companies, too – which is ironic, as private contractors pose a threat to public service jobs by basing their for-profit business model on the employment of a non-union work force.

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Public retirement systems in at least 18 states own stock in CCA and/or GEO Group, totaling over 2.5 million shares in CCA and 1.11 million shares in GEO. At current stock prices as of October 2015, those public retirement system holdings were worth \$76.8 million and \$35.6 million, respectively:

Public Fund	CCA Shares	GEO Shares
California Public Employees Retirement System	366,300	204,900
New York State Teachers Retirement System	259,520	160,971
New York State Common Retirement Fund	247,388	194,292
Public Employees Retirement System of Ohio	228,758	3,753
California State Teachers Retirement System	219,988	132,914
State Board of Administration of Fla. Retirement System	191,172	81,845
State Teachers Retirement System Ohio	163,363	
Retirement Systems of Alabama	148,217	
Texas Permanent School Fund	105,190	66,821
South Dakota Investment Council	99,800	30,500
State of Wisconsin Investment Board	88,361	
State of Tennessee, Treasury Department	81,851	57,675
Arizona State Retirement System	79,200	51,836
State Treasurer State of Michigan	52,912	
State of Alaska, Department of Revenue	49,840	32,920
Oregon Public Employees Retirement Fund	35,754	
Utah Retirement Systems	32,820	4,785
Pennsylvania Public School Employees Retirement System	30,481	
Louisiana State Employees Retirement System	29,900	32,507
Teachers Retirement System of the State of Kentucky	28,409	25,941
Public Employees Retirement Association of Colorado	28,249	19,334
Teacher Retirement System of Texas	3,530	2,247
Municipal Employees' Retirement System of Michigan		14,000
<b>TOTALS:</b>	<b>2,571,003</b>	<b>1,117,241</b>

Source: [www.nasdaq.com](http://www.nasdaq.com), as of March 31, 2015

To the extent possible, organized labor groups should divest their own funds from private prison companies, if for no other reason than to forestall claims of hypocrisy vis-à-vis unions opposing private prisons while owning stock in those companies. Divestment should be accompanied by a media campaign, and divestment by other organizations and groups should be supported.

Also to the extent possible, organized labor should pressure public employee retirement/pension funds to divest from the private prison industry, again accompanied by media campaigns.

However, if divestment is not possible, then groups that continue to own private prison stock should send representatives to annual shareholder meetings to raise concerns, or file shareholder resolutions with private prison companies to expose their problems and abuses. One benefit of efforts by activist shareholders is that the companies are forced to respond, such as by filing objections with the SEC, which can provide useful information and negative publicity.