
Who's Getting Rich off the Prison-Industrial Complex?

By Ray Downs (/author/ray-downs)

May 17, 2013



(whatsapp://send?
text=http://www.vice.com/read/who-is-getting-rich-off-the-prison-industrial-complex)



Image via (http://commons.wikimedia.org/wiki/File:2003-07-17_Durham_County_Jail_at_night.jpg)

You likely already know how **overcrowded** (<http://www.ipsnews.net/2013/02/u-s-prison-population-seeing-unprecedented-increase/>) and **abusive** (<http://www.motherjones.com/politics/2013/05/america-10-worst-prisons-rikers-island-new-york-city>) the US prison system is, and you probably are also aware that the US has **more people in prison** (<http://www.learnliberty.org/videos/us-prison-population-largest-world>) than even China or Russia. In this age of privatization, of course, it's also not surprising that many of the detention centers are not actually operated by the government, but by **for-profit companies** (<http://www.propublica.org/article/by-the-numbers-the-u.s.s-growing-for-profit-detention-industry>). So clearly, some people are making lots and lots of money off the booming business of keeping human beings in cages.

But who are these people?

Using NASDAQ data, I looked through the long list of investors in **Corrections Corporation of America** (<http://www.nasdaq.com/symbol/cxw/institutional-holdings>) and **GEO Group** (<http://www.nasdaq.com/symbol/geo/institutional-holdings>), the two biggest corporations that operate detention centers in the US, to find out who was cashing in the most on prisons. When we say “prison-industrial complex,” this is who we’re talking about.

Henri Wedell

The individual who’s invested the most in private prisons is Henri Wedell, who started serving on CCA’s board of directors in 2000, when the company was struggling with scandals related to prisoner abuse and mismanagement. He now owns more than 650,000 shares in the company, which is far more successful these days. Those shares are worth more than \$25 million.

I called Wedell to ask him what it was like to make a fortune from the incarceration of others, and whether it bothered him to profit off a system that puts more people in prison than any other country in the world.

“America is the freest country in the world,” he told me. “America allows more freedom than any other country in the world, much more than Russia and a whole lot more than Scandinavia, where they really aren’t free. So offering all this freedom to society, there’ll be a certain number of people, more in this country than elsewhere, who take advantage of that freedom, abuse it, and end up in prison. That happens because we are so free in this country.”

Presumably, when he’s referring to all the freedom Americans have, he’s not including the 80,000 inmates in 60 prisons operated by CCA.

George Zoley

Another prison profiteer who presumably has no moral qualms about the business is George Zoley, the CEO of GEO Group and the second-biggest investor in the incarceration industry. In fact, he’s so proud of his business, which has committed a laundry list of **human rights abuses** (<http://closereeves.weebly.com/learn-about-geo-group-scandals.html>), he tried to get a **college football stadium named after it** (<http://www.miamiherald.com/2013/04/01/3318361/prison-firm-withdraws-gift-to.html>).

Zoley made nearly **\$6 million last year** (http://insiders.morningstar.com/trading/executive-compensation.action?t=GEO®ion=USA&culture=en_US) through salary and bonuses alone, but the real money is in stocks—he owns more than **500,000 shares** (<http://biz.yahoo.com/t/38/285.html>) in GEO, and he has made \$23 million in stock trades during one **18-month period** (<http://tucsoncitizen.com/cell-out-arizona/tag/george-zoley/>). But you can't accuse him of not earning his pay, exactly. GEO saw a **56 percent spike in profits** (<http://thinkprogress.org/justice/2013/05/09/1990331/private-prison-profits-skyrocket-as-executives-assure-investors-of-growing-offender-population/>) in the first quarter of 2013, and the company's executives reassured investors that the incarceration rate wouldn't be dropping any time soon when announcing its earnings. Zoley will be mega rich for years to come.

Jeremy Mindich and Matt Sirovich

Both **Wedell** (http://littlesis.org/person/65866/Henri_L_Wedell/political) and **Zoley** (http://littlesis.org/person/58334/George_Zoley/political) are big donors to the Republican party, but that doesn't mean those from the left side of the aisle can't play their game. **Matt Sirovich** (http://www.opensecrets.org/usearch/?q=matt+sirovich&searchButt_clean.x=-449&searchButt_clean.y=-162&searchButt_clean=Sub) and **Jeremy Mindich** ([http://www.opensecrets.org/usearch/index?q=Jeremy+Mindich+&sa=Search&cx=010677907462955562473%3Anlldkv0jvam&cof=FORID%](http://www.opensecrets.org/usearch/index?q=Jeremy+Mindich+&sa=Search&cx=010677907462955562473%3Anlldkv0jvam&cof=FORID%3A)) both donate to Democratic politicians and are involved with progressive-leaning organizations like **Root Capital** (<http://www.rootcapital.org/about-us/team/jeremy-mindich-chair>), a nonprofit lending company that offers loans to farmers in developing countries to alleviate poverty.

Their day job, however, is running Scopia Capital, a hedge fund that is the **one of the largest shareholders of GEO Group** (<http://www.nasdaq.com/symbol/geo/institutional-holdings>). The fund owns about **\$300 million in shares** (<http://www.insidermonkey.com/hedge-fund/scopia+capital/389/>) in that company, which represents 12 percent of its entire portfolio. Like Zoley, they are good at what they do—their fund outperformed the market by 20 percentage points, and the **State of New Jersey hired Scopia** (<http://www.pionline.com/article/20121108/DAILY/121109896>) to manage \$150 million worth of pensions.

I called them up to ask their thoughts about being politically liberal but heavily invested in private prisons, but Mindich refused to answer any questions and Sirovich was unavailable.

It should be pointed out that while being far to the left politically might seem incompatible with investing in prisons (or managing a hedge fund in the first place), the Democratic party is totally fine with the incarceration rate. Although Richard Nixon and Ronald Reagan are largely responsible for the drug-war policies that caused the prison population to **skyrocket** (http://upload.wikimedia.org/wikipedia/commons/thumb/e/e2/US_incarceration_rate_timeline_US_incarceration_rate_timeline.gif), Bill Clinton was a “tough on crime” president who continued their ideas. And Vice President Joe Biden was a principal player in the Clinton era’s crime policies—he wrote the **Violent Crime Control and Law Enforcement Act** (http://en.wikipedia.org/wiki/Violent_Crime_Control_and_Law_Enforcement_Act), which, among other things, called for \$9.7 billion in increased funding for prisons and stiffer penalties for drug offenders.

Though the US prison population is **shrinking slightly** (<http://www.washingtonpost.com/blogs/wonkblog/wp/2013/01/05/americas-prison-population-is-shrinking-but-will-it-last/>), the number of inmates in federal lockup is increasing, and while Obama **keeps saying** (<http://reason.com/blog/2013/04/25/obama-ends-the-drug-waragain>) he’s ending the war on drugs, he’s also **proposed budgets** (<http://www.motherjones.com/politics/2012/02/obama-federal-prison-budget>) that call for increasing the amount of money spent on the Bureau of Prisons. So it’s not such a stretch that a Democratic donor would also be in the men-in-cages industry.

Retired People and Probably You

The Vanguard Group and Fidelity Investments are America’s top two 401(k) providers. They are also two of the private prison industry’s biggest investors.

Together, they own about 20 percent of both CCA and GEO. That means if you have a 401(k) plan, there’s a good chance you benefit financially from private prisons. And even if you don’t, there are many more mutual funds, brokerage firms, and banks that invest in private prisons—it

being a growth industry and all—so if you have money somewhere other than your wallet or your mattress, it's a good bet you're involved in some way with companies that are locking up and probably abusing inmates.

This is especially true for government employees like public school teachers because their retirement funds are some of the biggest investors in private prisons. According to NASDAQ data, the retirement funds for public employees and teachers in New York and California together have about \$60 million (\$30 million each) invested in CCA and GEO. Teacher retirement funds in Texas and Kentucky have \$8.3 million and \$4 million invested in prisons respectively, and public employees in Florida (\$10.3 million), Ohio (\$8.6 million), Texas (\$5.6 million), Arizona (\$5.3 million), and Colorado (\$2.25 million) are also connected to the industry. Except for New York, which has only one privately run detention facility, each of these states has several prisons run by CCA and GEO Group facilities. And it's not just Americans who have ties to prisons. Foreign investors have money in them as well, including the pension fund for the Royal Canadian Mounted Police, which **recently sold off its \$5.1 million worth of GEO Group** (<http://www.nasdaq.com/quotes/institutional-portfolio/public-sector-pension-investment-board-748435?sortname=companyname&sorttype=0&page=24>) stock.

Most of these employees are probably unaware that their pensions are tied to prisons—and it's hard to say that these are “bad” investments from a purely capitalistic perspective, since these prisons are making money hand over fist. The private prison industry is entrenched in our society. And the only way to make sure that we're not individually and collectively profiting off of it is to close these things.

*Follow Ray on Twitter: **@RayDowns** (<https://twitter.com/RayDowns>)*

More on prisons:

Prisons I've Known and Yelped (<http://www.vice.com/read/pen-pals-prisons-ive-known-and-yelped>)

Don't Get Caught (<http://www.vice.com/read/dont-get-caught-0003457-v19n12>)

Why Can't We Cane Criminals? (<http://www.vice.com/read/why-cant-we-cane-criminals>)





(whatsapp://send?
text=http://www.vice.com/read/
getting-rich-off-the-
prison-industrial-
complex)



TOPICS: *prisons (/tag/prisons), CCA (/tag/CCA), GEO Group (/tag/GEO+Group), private prisons (/tag/private+prisons), prison-industrial complex (/tag/prison-industrial+complex), incarceration rates (/tag/incarceration+rates), war on drugs (/tag/war+on+drugs), George Zoley (/tag/George+Zoley), Henri Wedell (/tag/Henri+Wedell), Matt Sirovich (/tag/Matt+Sirovich), Jeremy Mindich (/tag/Jeremy+Mindich)*

CONNECT

 (<https://www.facebook.com/Vice>)  (<https://twitter.com/vice>)

 (<https://www.youtube.com/user/vice>)  (<https://www.tumblr.com/follow/vicemag>)

 (<http://instagram.com/vice>)  (/rss)

 (<https://confirmsubscription.com/h/i/48178908AA2FD075>)

MOST POPULAR



Why 2016 Is About to Be a Nightmare for Us All
(/read/all-the-bad-shit-thats-about-to-happen-in-2016)



You Can Open a Business in a Former Mexican Narco Mansion

(/read/you-can-open-a-business-in-a-former-mexican-narco-mansion)



We Investigate How Thailand Is Leading the Charge for Trans Acceptance on Today's 'Daily VICE'

(/video/we-investigate-how-thailand-is-leading-the-charge-for-trans-acceptance-on-todays-daily-vice)



Photos of Activists Partying Outside Prisons on New Year's Eve

(/read/london-prisons-noise-protest-new-years-eve-2105-839)



How Donald Trump Is Making It Harder to Be an American Abroad

(/read/how-donald-trump-makes-it-harder-to-be-an-american-abroad)



My Life After Being Diagnosed with Borderline Personality Disorder and Epilepsy

(/read/this-is-what-happened-when-i-was-diagnosed-with-borderline-personality-disorder-and-epilepsy)



The Battle Over How to Save New York's Homeless from the Winter Cold
(/read/the-battle-over-how-to-save-new-yorks-homeless-from-winter-2016)



Retracing the Roots of British Sound System Culture
(/read/british-sound-system-culture-092)



The Expensive, Unregulated World of Sobriety Coaching

[\(/read/the-unregulated-and-still-controversial-practice-of-sobriety-coaching-in-canada\)](#)



The New Season of 'Game of Thrones' Will Be Released Before the Book It's Based On

[\(/read/the-new-season-of-game-of-thrones-will-be-released-before-the-book-its-based\)](#)

RECOMMENDED

Turkey Has Released VICE News Journalist Mohammed Rasool on Bail (<https://news.vice.com/article/turkey-has-released-vice-news-journalist-mohammed-rasool-on-bail>)

'We Are Going to Light Up the Whole Country on Fire': The Arson That Led to the Oregon Militia Standoff (<http://news.vice.com/article/the-arson-case-that-led-to-the-oregon-under-attack-militia-standoff>)

The Vice Morning Bulletin (</read/5-1-2015>)

Here Are the 20 Most-Edited Wikipedia Pages of 2015 (</read/here-are-the-20-most-edited-wikipedia-pages-of-2015>)

COMMENTS

45 Comments

Sort by **Newest**



Add a comment...



Bobbi Clark

Maybe do a bit of research..they donate to both parties..

Like · Reply · Nov 30, 2015 12:25pm



Annalisa Nelly Haycock · Works at Guestlist

Looks like the policy pushers include Rupert Murdoch ,,,,,
Who owns 5% of Vice..
Just saying...

Pearce and the policy pushers

In early December 2009—a full month and a half before S.B. 1070 was introduced to the Arizona Senate and nearly two months before its counterpart was first read in the House—Pearce formally submitted a version of his drafted legislation to the American Legislative Exchange Council (ALEC), an organization to which he and 35 other Arizona legislators belong.

A 501(c)(3) nonprofit organization, ALEC bills itself as “the nation’s largest bipartisan, individual membershi... See More

Like · Reply · Aug 9, 2015 2:54am



Caleb McKean · Outbound Associate at TARGET Distribution Center

If freedom means giving up part of my lifespan so others can have their incomes then I don't want freedom.

Like · Reply · 1 · Apr 12, 2015 6:15pm



Oz Zeren

“America allows more freedom than any other country in the world, much more than Russia and a whole lot more than Scandinavia, where they really aren’t free”

HAHAHAHAHAA HAHAHAHAHAHAHAHA HAAHAHAHAHA
AHAHAHAHAHAHAHAHAHAHAHAHAHAHAHAHAHAHA

Like · Reply · 1 · Mar 8, 2015 8:13pm



Triump Jones · Garbageman at Garbage disposal

Baretta from the 70s taught us if you cant do the time dont do the crime.....is that not simple enough?

Like · Reply · Feb 24, 2015 12:52am



Oz Zeren



It maybe simple enough for morons like you, 'triumph', who dont know SHIT. but for others, who actually know shit, it might be different:

<http://www.pbs.org/.../school-to-prison-pipeline-fact-sheet/>

moron. you are reading an article about who is getting rich from PRISON-INDUSTRY COMPLEX, and you are talking about 'do the time bleh bleh bleh'.

dont you think there is something wrong with the term 'prison industry complex' in the first place....

Like · Reply ·  8 · Mar 8, 2015 8:15pm



L David Cowen · State University College Oneonta, Oneonta, NY

Oz Zeren Exactly OZ. First of all people in jail should have the same right to vote against a society that put them in jail for stupid victimless crimes like growing pot or not having a permit for a hot dog stand etc. It is disgusting and anyone with clear critical thinking skills can see this. Obviously, simple minds can not.

Like · Reply ·  1 · Aug 8, 2015 10:33am

[Load 10 more comments](#)

 Facebook Comments Plugin

TOP STORIES