BEFORE THE FEDERAL ELECTION COMMISSION

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v.

MUR No. _________

REBUILDING AMERICA NOW
Ryan Call, Treasurer
P.O. Box 26141
Alexandria, VA 22313

GEO CORRECTIONS HOLDINGS, INC.
621 NW 53rd St, Suite 700
Boca Raton, FL 33487

Complaint

1. This complaint is filed pursuant to 52 U.S.C. § 30109(a)(1) and is based on information and belief that GEO Corrections Holdings, Inc. has made, and Rebuilding America Now (ID: C00618876) may have solicited and has received, contributions from a person who has received a federal government contract, in violation of the Federal Election Campaign Act (“FECA”), 52 U.S.C. § 30101, et seq.

2. Specifically, based on published reports, complainants have reason to believe that GEO Corrections Holdings, Inc. violated FECA’s prohibition on any federal contractor making a contribution to a political committee while negotiating or performing a federal contract, 52 U.S.C. § 30119(a)(1), and that Rebuilding America Now may have violated the ban on
knowingly soliciting a federal contractor to make such a contribution, 52 U.S.C. § 30119(a)(2).

3. “If the Commission, upon receiving a complaint … has reason to believe that a person has committed, or is about to commit, a violation of [the FECA] … [t]he Commission shall make an investigation of such alleged violation ….” 52 U.S.C. § 30109(a)(2) (emphasis added); see also 11 C.F.R. § 111.4(a).

**FACTS**

4. Rebuilding America Now is an independent expenditure-only political committee (i.e., a “super PAC”) that filed its statement of organization with the Commission on June 2, 2016. Rebuilding America Now was formed and is led by two former high-level Trump staffers, who appear to have helped develop its communications fewer than 50 days after first joining the campaign, despite the so-called “120 day rule” limiting a campaign staffer’s work for a super PAC within 120 days of leaving a campaign. See 11 CFR § 109.21(d)(5). Rebuilding America Now was formed at the request of the then-campaign manager of presidential candidate Donald J. Trump, and the Trump campaign has encouraged donors to contribute to Rebuilding America Now, and its website

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2. Complainants have previously filed a complaint with the Commission alleging Rebuilding America Now has violated FECA by making in-kind contributions to Donald J. Trump for President, Inc. in the form of “coordinated communications,” 11 CFR § 109.21, and republished campaign materials, id. § 109.23. See MUR 7146. Complainants alleged that Rebuilding America Now’s in-kind contributions exceeded FECA’s $2,700 limit on contributions by a non-multicandidate political committee to a candidate committee, 52 U.S.C. § 30116(a)(1) and violated FECA’s prohibition on contributions to a candidate committee using corporate funds, 52 U.S.C. § 30118(a) and (b)(2).
(http://www.rebuildingamericanow.com) features an endorsement from Trump’s running mate stating that contributing to the super PAC is “one of the best ways to stop Hillary Clinton and help elect Donald Trump our next president.” Trump has publicly expressed a willingness to headline fundraisers for Rebuilding America Now, and Donald Trump Jr. is known to have done so.

5. GEO Corrections Holdings, Inc. is a wholly-owned subsidiary of the private prison company GEO Group, Inc. Both GEO Corrections Holdings, Inc. and GEO Group, Inc. are incorporated in Florida at the address 621 N.W. 53rd St., Suite 700, Boca Raton, FL 33487. George Zoley is the CEO of both GEO Corrections Holdings, Inc. and GEO Group, Inc. According to GEO Group, Inc.’s 2015 Annual Report, forty-five percent of the company’s annual revenues come from federal contracts.

6. GEO Corrections Holdings, Inc. operates the D. Ray James Detention Facility in Folkston, Georgia, according to labor relations cases filed with the National Labor


7 Id. Nine of GEO Correction Holdings, Inc.’s eleven directors and officers are shared with GEO Group, Inc. Id.

Relations Board (NLRB). A union certification vote at the facility, listing GEO Corrections Holdings, Inc. as the employer, was certified on December 3, 2013. According to the Federal Bureau of Prisons website the D. Ray James Detention Facility is a contracted correctional institution which houses 1,913 federal offenders. Additionally, according to USAspending.gov, a U.S. government website that lists some federal contracts and grants, GEO Corrections Holdings, Inc. was awarded a total of $266,666 in U.S. government contracts in Fiscal Year 2015.

7. On August 18, 2016, the Obama administration announced that it would be ending the Federal Bureau of Prisons’ use of private prisons, instructing officials to either decline to renew the contracts for private prison operators when they expire or “substantially reduce” the contracts’ scope. That same day, GEO Group Inc.’s stock dropped 40 percent.

8. On August 19, 2016, GEO CEO George Zoley told investors that the Federal Bureau of Prisons had initially extended the company’s contract to manage the D. Ray James facility through 2018, then rescinded it; however, according to the South Florida Sun-

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10 Id.
Sentinel, “Zoley indicated that negotiations would likely continue.”15 Zoley told investors on a conference call that GEO had a "written commitment of interest to extend the [D. Ray James] contract ... It looks like [the Bureau of Prisons] would like to discuss terms and conditions of extension."16 The Justice Department similarly told the Wall Street Journal that the D. Ray James contract had been rescinded and would be renegotiated.17

9. That same day, August 19, 2016, GEO Corrections Holdings, Inc. contributed $100,000 to Rebuilding America Now.18

10. Trump has praised private prisons (“I do think we can do a lot of privatizations and private prisons. It seems to work a lot better”)19 whereas his opponent Hillary Clinton has called for their elimination (“I’m glad that we’re ending private prisons in the federal system. I want to see them ended in the state system. You shouldn’t have a profit motivation to fill prison cells with young Americans”).20 According to a September 29,


16 Id.


18 Rebuilding America Now, 2016 Quarterly Report at 33, FEC Form 3X (filed October 15, 2016), http://docquery.fec.gov/pdf/661/201610159032869661/201610159032869661.pdf. One week earlier, on August 11, 2019, the GEO Group Inc. PAC made a $50,000 contribution. Id. at 54.


20 Paul R. LaMonica, Clinton Call for End of Private Prisons Sinks Jail Stocks, CNN MONEY (Sept. 27, 2016), http://money.cnn.com/2016/09/27/investing/prison-stocks-hillary-clinton-debate-corrections-corporation-america-geo-group/; see also Dina Gusovsky, A Billion-Dollar-Plus Industry Clinton May Sentence to Death, CNBC (Mar. 4, 2016),
2016 article in *The Daily Beast*, “a Trump victory could be a much-needed lifeline for the industry—while a Clinton win could cripple the businesses that contract with the feds to house prisoners.”\(^2\)

**Summary of the Law**


12. Federal law prohibits a federal contractor from making any “contribution to any political party, committee, or candidate for public office” at any time between the commencement of negotiations for a federal contract and the completion of performance or termination of negotiations for the contract. 52 U.S.C. § 30119(a)(1).

13. Federal law additionally prohibits any person from knowingly soliciting such a contribution from a federal contractor. 52 U.S.C. § 30119(a)(2).

14. This statutory federal contractor ban is implemented by the regulation at 11 C.F.R. § 115.2, which provides that it is unlawful for a “Federal contractor … to make, either directly or indirectly, any contribution or expenditure of money or other thing of value, or to promise expressly or impliedly to make any such contribution or expenditure to any political party, committee, or candidate for Federal office or to any person for any political purpose or use.” *Id.* The prohibition applies during the period between when a request for proposals is sent out (or when contractual negotiations commence) and the

completion of performance of the contract or the termination of negotiations. 11 C.F.R. § 115.1(b)(1-2).

15. Commission regulations define a “federal contractor” as any person who “[e]nters into any contract with the United States or any department or agency thereof” for “[t]he rendition of personal services” or for “furnishing any material, supplies, or equipment,” 11 C.F.R. § 115.1(a)(1)(i-ii), and where payment for performance of the contract is “made in whole or in part from funds appropriated by the Congress,” Id. § 115.1(a)(2).

16. The prohibition applies equally to a federal contractor making contributions to political parties, political committees, and candidates. 52 U.S.C. § 30119(a)(1), 11 C.F.R. § 115.2. In 2011, the Commission ruled that the government contractor prohibition applies to federal contractors who make contributions to independent expenditure-only political committees (i.e., “super PACs”) following the U.S. Supreme Court’s decision in Citizens United v. FEC 22 and the D.C. Circuit Court of Appeals decision in SpeechNow.org v. FEC. 23 MUR 6403 (Alaskans Standing Together) Notification with Factual and Legal Analysis to Ahtna, Inc. and NANA Regional Corporation, Inc. (Nov. 10, 2011), at 5, 9. 24 The Commission emphasized that a contractor making a contribution to a political committee to fund independent expenditures is not itself making an expenditure; therefore, a contribution to such a committee falls “squarely within the statute’s prohibitions.” Id. at 9.

17. The federal contractor ban was recently upheld unanimously by the en banc D.C. Circuit in Wagner v. Fed. Election Comm’n, 793 F.3d 1 (D.C. Cir. 2015) (en banc), cert. denied

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22 130 S.Ct. 876 (2010).
23 599 F.3d 686 (D.C. Cir. 2010).
sub nom. Miller v. Fed. Election Comm’n, 136 S. Ct. 895 (2016). In a decision authored by Judge Merrick Garland, the *en banc* court stressed that “the record offers every reason to believe that, if the dam barring contributions were broken, more money in exchange for contracts would flow through the same channels already on display.” *Id.* at 18.

**CAUSES OF ACTION**

**COUNT I: GEO GROUP HAS VIOLATED THE BAN ON FEDERAL CONTRACTORS MAKING CONTRIBUTIONS**

18. Federal law and Commission regulations prohibit a federal contractor from making any contribution to any political committee during the period in which a federal contract is being negotiated or performed. 52 U.S.C. § 30119(a)(1), 11 C.F.R. Part 115.


20. 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, based on that political committee’s reports filed with the Commission. Specifically, on the same day the contribution was made, George Zoley—CEO of both GEO Group Inc. and GEO Corrections Holdings, Inc.—told shareholders and reporters that the company was continuing to negotiate a contract extension for a facility operated by GEO Corrections Holdings, Inc., the D. Ray James facility in Georgia.25

21. Therefore, based on public information, there is reason to believe that GEO Corrections Holdings, Inc., as a federal contractor, violated the federal contractor contribution ban by

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making a “contribution to any political ... committee,” namely Rebuilding America Now, during the period its federal contracts were being negotiated and/or performed. 52 U.S.C. § 30119(a)(1).

22. More generally, the contribution in this instance implicates the issues that the longstanding federal contractor contribution ban has sought to prevent. GEO Corrections Holdings, Inc. made its contribution just one day after the U.S. Department of Justice announced it would be phasing-out its contracts with private prison companies, and on the same day that the DOJ announced that it was rescinding and renegotiating a contract at a GEO Corrections Holdings, Inc. facility. By contributing to a super PAC closely associated with Donald J. Trump— the only presidential nominee to endorse private prisons—GEO Corrections Holdings, Inc. presumably sought to influence the federal government contracting process and to ensure that under the next administration the federal government would continue to offer it contracts.

23. As the Wagner court noted, the contractor contribution ban is particularly salient in presidential elections, because “[t]he Executive Branch is ... an obvious site of potential corruption in the contracting process, since its agencies are the ones that ultimately award contracts.” 793 F.3d 15-16. In this instance, the next president will set administration policy on contracting with private prisons—including whether to maintain the Obama administration’s plans to phase-out private prison contracts. Additionally, the en banc Wagner court noted that the FECA Amendments of 1974 and 1976, which strengthened the contractor contribution ban and incorporated it into FECA, were enacted in response

26 See ¶4, supra. Additionally, as described supra at note 2 and the complaint filed in MUR 7146, there is reason to believe that Rebuilding America Now’s expenditures have constituted coordinated communications that under FECA are treated as in-kind contributions to the Trump campaign.
to the “disturbing examples” of former President Richard Nixon channeling contracts to political supporters and extracting contributions from existing contractors, 793 F.3d 12-16, and that “in government contracting, the risk of quid pro quo corruption and its appearance, and of interference with merit-based administration, has not dissipated,” id. at 18.

**COUNT II: REBUILDING AMERICA NOW MAY HAVE VIOLATED THE BAN ON SOLICITING CONTRIBUTIONS FROM FEDERAL CONTRACTORS**

24. Federal law and Commission regulations prohibit any person from knowingly soliciting a federal contractor to make any “contribution to any political … committee” while the contractor is negotiating a federal contract or during the performance of their contract. 52 U.S.C. § 30119(a)(2), 11 C.F.R. §§ 115.2(c).

25. GEO Corrections Holdings, Inc. is a federal contractor that was performing and/or negotiating federal contracts at the time that it made a $100,000 contribution to Rebuilding America Now. The company’s status as a contractor is widely known, as its business model relies largely on federal and state government contracts. GEO Corrections Holdings, Inc.’s contribution was made on the same day as several other contributions from Florida-based corporations, suggesting that the contribution was made at a Florida fundraiser where Rebuilding America Now agents solicited contributions.

26. Therefore, there is reason to believe that Rebuilding America Now may have violated the ban on knowingly soliciting a federal contractor to make a “contribution to any political . . . committee” while the contractor is negotiating a federal contract or during the performance of their contract. 52 U.S.C. § 30119(a)(2), 11 C.F.R. §§ 115.2(c).
PRAYER FOR RELIEF

27. Wherefore, the Commission should find reason to believe that GEO Corrections Holdings, Inc. and Rebuilding America Now have violated 52 U.S.C. § 30101, et seq. and Commission regulations, and conduct an immediate investigation under 52 U.S.C. § 30109(a)(2). Further, the Commission should determine and impose appropriate sanctions for any and all violations, should enjoin the respondents from any and all violations in the future, and should impose such additional remedies as are necessary and appropriate to ensure compliance with the FECA.

November 1, 2016

Respectfully submitted,

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VERIFICATION

The complainants listed below hereby verify that the statements made in the attached Complaint are, upon their information and belief, true.


For Complainant Campaign Legal Center

Lawrence M. Noble

Sworn to and subscribed before me this ___ day of November 2016.

Notary Public

For Complainant Catherine Hinckley Kelley

Catherine Hinckley Kelley

Sworn to and subscribed before me this ___ day of November 2016.

Notary Public