

GEO MCF LP, LLC  
Form S-4/A  
July 16, 2013  
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As filed with the Securities and Exchange Commission on July 16, 2013

Registration Statement No. 333-188958

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 1**

to

**Form S-4**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**The GEO Group, Inc.**

**\*and the Subsidiary Guarantors listed on Schedule A hereto**

(Exact name of registrant as specified in its charter)

**Florida**  
(State or other jurisdiction of  
incorporation or organization)

**6798**  
(Primary Standard Industrial  
Classification Code Number)

**65-0043078**  
(I.R.S. Employee  
Identification Number)

**One Park Place, Suite 700**  
**621 Northwest 53rd Street**  
**Boca Raton, Florida 33487-8242**  
**(561) 893-0101**  
(Address, including zip code, and  
telephone number, including area code,  
of registrant s principal executive offices)

**John J. Bulfin, Esq.**  
**One Park Place, Suite 700**  
**621 Northwest 53rd Street**  
**Boca Raton, Florida 33487-8242**  
**(561) 893-0101**  
(Name, address, including zip code, and  
telephone number, including area code,  
of agent for service)

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**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

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**Each Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until each Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**Table of Contents****Schedule A Table of Subsidiary Guarantors**

<b>Exact Name of Subsidiary Guarantor</b>	<b>State or Other Jurisdiction of Incorporation or Formation</b>	<b>I.R.S. Employer Identification Number</b>
GEO RE Holdings LLC	Delaware	65-0682878
Correctional Services Corporation, LLC	Delaware	11-3182580
CPT Limited Partner, LLC	Delaware	*
CPT Operating Partnership L.P.	Delaware	65-0873924
Correctional Properties Prison Finance LLC	Delaware	*
Public Properties Development and Leasing LLC	Delaware	*
GEO Holdings I, Inc.	Delaware	56-2635779
GEO Acquisition II, Inc.	Delaware	01-0882442
GEO Transport, Inc.	Florida	56-2677868
Cornell Companies, LLC	Delaware	76-0433642
Cornell Corrections Management, LLC	Delaware	74-2650655
CCG I, LLC	Delaware	76-0544498
Cornell Corrections of Alaska, Inc.	Alaska	76-0578707
Cornell Corrections of California, Inc.	California	94-2411045
Cornell Corrections of Texas, Inc.	Delaware	74-2650651
Cornell Corrections of Rhode Island, Inc.	Delaware	74-2650654
Cornell Interventions, Inc.	Illinois	74-2918981
Correctional Systems, LLC	Delaware	33-0607766
Cornell Abraxas Group, Inc.	Delaware	76-0545741
WBP Leasing, LLC	Delaware	26-1849095
BII Holding Corporation	Delaware	26-3064495
BII Holding I Corporation	Delaware	26-3334669
Behavioral Holding Corp.	Delaware	20-4244005
Behavioral Acquisition Corp.	Delaware	22-3746193
B.I. Incorporated	Colorado	84-0769926
MCF GP, LLC	Delaware	*
GEO MCF LP, LLC	Delaware	*
Municipal Corrections Finance, LP	Delaware	72-1509519
GEO Operations, LLC	Florida	46-1288456
GEO Corrections Holdings, Inc.	Florida	46-1972528
GEO Corrections and Detention, LLC	Florida	46-1258100
GEO Re-entry Services, LLC	Florida	46-1260559
Cornell Abraxas Group OS, LLC	Florida	46-1270920
Cornell Companies of California OS, LLC	Delaware	46-1658344
Cornell Companies of Texas OS, LLC	Delaware	46-1664300
Cornell Interventions OS, LLC	Delaware	46-1679031

\* Not applicable as these entities are disregarded for Federal Income Tax Purposes

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**The information in this prospectus is not complete and may be changed. We may not complete the exchange offer until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell or exchange securities and it is not soliciting an offer to buy or exchange these securities in any state where the offer, sale or exchange is not permitted.**

**Subject to Completion dated July 16, 2013**

Prospectus

**\$300,000,000**

**Offer to Exchange**

**Up to \$300,000,000 aggregate principal amount**

**of our 5 <sup>1</sup>/<sub>8</sub> % Senior Notes due 2023**

**(which we refer to as the new notes)**

**and the guarantees thereof each of which have been registered**

**under the Securities Act of 1933, as amended,**

**for a like amount of our outstanding**

**5 <sup>1</sup>/<sub>8</sub> % Senior Notes due 2023**

**(which we refer to as the old notes)**

**and the guarantees thereof.**

**The New Notes:**

The terms of the new notes are identical to the old notes, except that some of the transfer restrictions, registration rights and additional interest provisions relating to the old notes will not apply to the new notes. We refer to the old notes and the new notes collectively as the notes.

**Terms of the Exchange Offer:**

We are offering to exchange up to \$300,000,000 of our old notes for new notes with materially identical terms that have been registered under the Securities Act of 1933.

Subject to the satisfaction or waiver of specified conditions, we will exchange the new notes for all old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

The exchange offer will expire at 5:00 p.m., New York City time, on [ ], 2013, which is the 21st business day following commencement of the exchange offer, unless extended.

Tenders of old notes may be withdrawn at any time before the expiration of the exchange offer.

We will not receive any proceeds from the exchange offer.

The exchange of outstanding original notes will not be a taxable exchange for U.S. federal income tax purposes. The new notes will not be listed on any securities exchange.

**Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended, or the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of up to 180 days after the effective date of the registration statement of which this prospectus is a part, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.**

Investing in the new notes involves risks. See Risk Factors, beginning on page 16.

**Neither the Securities and Exchange Commission nor any other federal or state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is [ ], 2013.**

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This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge to security holders upon written or oral request to The GEO Group, Inc., 621 NW 53rd Street, Suite 700, Boca Raton, Florida 33487, Attention: Investor Relations, Telephone: (561) 893-0101.

**In order to obtain timely delivery, you must request the information no later than [ ], 2013, which is five business days before the expiration of the exchange offer.**

**We have not authorized anyone to provide any information or to make any representation other than those contained or incorporated by reference in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.**

**We are not making an offer to exchange the new notes for the old notes in any jurisdiction where it is not permitted.**

**You should not assume that the information appearing in this prospectus or the documents incorporated by reference herein is accurate as of any date other than the respective dates of such documents. Our business, financial condition, results of operations and prospects may have changed since that date. We will amend, update or supplement this prospectus to the extent required by law.**



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**DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference herein contain forward-looking statements. Forward-looking statements are any statements that are not based on historical information. Statements other than statements of historical facts included in this prospectus, including, without limitation, statements regarding our future financial position and results of operations, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, anticipate, intend, plan, believe, seek, estimate or negative of such words or variations of such words and similar expressions. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements and we can give no assurance that such forward-looking statements will prove to be correct. Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements, or cautionary statements, include, but are not limited to:

if you fail to follow the exchange offer procedures, your original notes will not be accepted for exchange;

if you fail to exchange your original notes for new notes, they will continue to be subject to the existing transfer restrictions and you may not be able to sell them;

the old notes and the related guarantees by certain of our subsidiaries are, and the new notes will be, effectively subordinated to our and the subsidiary guarantors' senior secured indebtedness and structurally subordinated to the indebtedness of our subsidiaries that do not guarantee the notes;

there is no public market for the notes;

our ability to timely build and/or open facilities as planned, profitably manage such facilities and successfully integrate such facilities into our operations without substantial additional costs;

our ability to remain qualified for taxation as a real estate investment trust, or REIT;

our ability to fulfill our debt service obligations and their impact on our liquidity;

the instability of foreign exchange rates, exposing us to currency risks in Australia, Canada, the United Kingdom and South Africa, or other countries in which we may choose to conduct our business;

our ability to activate the inactive beds at our idle facilities;

our ability to maintain occupancy rates at our facilities;

an increase in unreimbursed labor rates;

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our ability to expand, diversify and grow our correctional, detention, re-entry, community-based services, youth services, monitoring services, evidence-based supervision and treatment programs and secure transportation services businesses;

our ability to win management contracts for which we have submitted proposals, retain existing management contracts and meet any performance standards required by such management contracts;

our ability to control operating costs associated with contract start-ups;

our ability to raise new project development capital given the often short-term nature of the customers' commitment to use newly developed facilities;

our ability to estimate the government's level of dependency on privatized correctional services;

our ability to accurately project the size and growth of the U.S. and international privatized corrections industry;

our ability to successfully respond to delays encountered by states privatizing correctional services and cost savings initiatives implemented by a number of states;

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our ability to develop long-term earnings visibility;

our ability to identify suitable acquisitions and to successfully complete and integrate such acquisitions on satisfactory terms, and estimate the synergies to be achieved as a result of such acquisitions;

our exposure to the impairment of goodwill and other intangible assets as a result of our acquisitions;

our ability to successfully conduct our operations in the United Kingdom and South Africa through joint ventures;

our ability to obtain future financing on satisfactory terms or at all, including our ability to secure the funding we need to complete ongoing capital projects;

our exposure to political and economic instability and other risks impacting our international operations;

our exposure to risks impacting our information systems, including those that may cause an interruption, delay or failure in the provision of our services;

our exposure to rising general insurance costs;

our exposure to state and federal income tax law changes internationally and domestically, including changes to the REIT provisions, and our exposure as a result of federal and international examinations of our tax returns or tax positions;

our exposure to claims for which we are uninsured;

our exposure to rising employee and inmate medical costs;

our ability to manage costs and expenses relating to ongoing litigation arising from our operations;

our ability to accurately estimate on an annual basis, loss reserves related to general liability, workers compensation and automobile liability claims;

the ability of our government customers to secure budgetary appropriations to fund their payment obligations to us and to continue to operate under our existing agreements and/or renew our existing agreements;

our ability to pay quarterly dividends consistent with our requirements as a REIT, and expectations as to timing and amounts;

our ability to comply with government regulations and applicable contractual requirements;

our ability to acquire, protect or maintain our intellectual property;

the risk that future sales of shares of our common stock could adversely affect the market price of our common stock and may be dilutive;  
and

other factors contained in this prospectus and in our filings with the Securities and Exchange Commission, referred to in this prospectus as the Commission or the SEC, including, but not limited to, those detailed in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K filed with the Commission.

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### SUMMARY

*The following summary highlights selected information contained or incorporated by reference in this prospectus and does not contain all of the information that may be important to you. You should carefully read this entire prospectus, including the financial statements and related notes and the documents incorporated by reference in this prospectus, before making a decision to participate in the exchange offer. As used in this prospectus, unless otherwise indicated or the context otherwise requires, the terms The GEO Group, Inc., GEO, GEO Group, the Company, we, our and us refer to The GEO Group, Inc. and all entities owned or controlled by The GEO Group, Inc., including our wholly-owned taxable subsidiaries.*

### Overview

We are a real estate investment trust, or REIT, specializing in the ownership, leasing and management of correctional, detention, and re-entry facilities and the provision of community-based services and youth services in the United States, Australia, South Africa, the United Kingdom and Canada. We own, lease and operate a broad range of correctional and detention facilities including maximum, medium and minimum security prisons, immigration detention centers, minimum security detention centers, and community based re-entry facilities.

As of March 31, 2013, our worldwide operations included the ownership and/or management of approximately 72,000 beds at approximately 95 correctional, detention and re-entry facilities, including idle facilities and projects under development, and also included the provision of monitoring services, tracking more than 70,000 offenders in a community-based environment on behalf of approximately 900 federal, state and local correctional agencies located in all 50 states.

We provide a diversified scope of services on behalf of our government clients:

our correctional and detention management services involve the provision of security, administrative, rehabilitation, education and food services, primarily at adult male correctional and detention facilities;

our community-based services involve supervision of adult parolees and probationers and the provision of temporary housing, programming, employment assistance and other services with the intention of the successful reintegration of residents into the community;

our youth services include residential, detention and shelter care and community-based services along with rehabilitative and educational programs;

we provide comprehensive electronic monitoring and supervision services;

we develop new facilities, using our project development experience to design, construct and finance what we believe are state-of-the-art facilities that maximize security and efficiency; and

we provide secure transportation services for offender and detainee populations as contracted.

We conduct our business through four reportable business segments: our U.S. Corrections & Detention segment; our International Services segment; our GEO Community Services segment; and our Facility Construction & Design segment. We have identified these four segments to reflect our current view that we operate four distinct business lines, each of which constitutes a material part of our overall business. Our U.S. Corrections & Detention segment primarily encompasses our U.S.-based privatized corrections and detention business. Our International Services segment primarily consists of our privatized corrections and detention operations in South Africa, Australia and the United Kingdom. Our GEO Community Services segment comprises our community-based services business, our youth services business and our electronic monitoring and supervision services, all of which are currently conducted in the U.S. Our Facility Construction & Design segment primarily contracts with various state, local and federal agencies for the design and construction of facilities for which we generally have been, or expect

to be, awarded management contracts.

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### **Competitive Strengths**

#### **Leading Corrections Provider Uniquely Positioned to Offer a Continuum of Care**

We are the second largest provider of privatized correctional and detention facilities worldwide, and the largest provider of community-based re-entry services, youth services and electronic monitoring services in the U.S. corrections industry. We believe these leading market positions and our diverse and complementary service offerings enable us to meet the growing demand from our clients for comprehensive services throughout the entire corrections lifecycle. Our continuum of care enables us to provide consistency and continuity in case management, which we believe results in a higher quality of care for offenders, reduces recidivism, lowers overall costs for our clients, improves public safety and facilitates successful reintegration of offenders back into society.

#### **Attractive REIT Profile**

Key characteristics of our business make us a highly attractive REIT. We believe that, fundamentally we are in a real estate-intensive industry. Since our inception, we have financed and developed dozens of facilities. We have a diversified set of investment-grade customers in the form of government agencies, which are required to pay us on time by law. For the fiscal year ended December 31, 2012, we generated 67% of our net operating income from facilities we owned or leased. As of December 31, 2012, we owned or leased 55% of the facilities at which we provided services. We have historically experienced customer retention in excess of 90%. Our strong and predictable occupancy rates generate a stable and sustainable stream of revenue. This stream of revenue combined with our low maintenance capital expenditure requirement translates into steady, predictable cash flow. The REIT structure also allows us to pursue high return on invested capital growth opportunities which may be capital intensive in nature.

#### **Large Scale Operator with National Presence**

We operate the sixth largest correctional system in the U.S. by number of beds, including the federal government and all 50 states. We currently have operations in 33 states and offer electronic monitoring services in every state. In addition, we have extensive experience in overall facility operations, including staff recruitment, administration, facility maintenance, food service, security, and in the supervision and education of inmates. We believe our size and breadth of service offerings enable us to generate economies of scale which maximize our efficiencies and allow us to pass along cost savings to our clients. Our national presence also positions us to bid on and develop new facilities across the U.S.

#### **Long-Term Relationships with Diversified Set of High-Quality Government Customers**

We have developed long-term relationships with our federal, state and other governmental customers, which we believe enhance our ability to win new contracts and retain existing business. We have provided correctional and detention management services to the U.S. federal government for 26 years, the State of California for 25 years, the State of Texas for approximately 25 years, various Australian state government entities for 21 years and the State of Florida for approximately 19 years. For the fiscal year ended December 31, 2012, no one customer accounted for more than 17% of total revenues and no state government customer accounted for more than 4% of total revenues.

#### **Recurring Revenue with Strong Cash Flow**

Our revenue base is derived from our long-term customer relationships, with contract renewal rates and facility occupancy rates both in excess of 90% over the past five years. We have been able to expand our revenue base by continuing to reinvest our strong operating cash flow into expansionary projects and through strategic

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acquisitions that provide scale and further enhance our service offerings. Our consolidated revenues have grown from \$1,085 million in 2010 to \$1.5 billion for the fiscal year ended December 31, 2012. We expect our operating cash flow to be well in excess of our anticipated annual maintenance capital expenditure needs, which would provide us significant flexibility for growth capital expenditures, future dividend payments, acquisitions and/or the repayment of indebtedness.

### **Sizeable International Business**

Our international infrastructure, which leverages our operational excellence in the U.S., allows us to target foreign opportunities that our U.S.-based competitors without overseas operations may have difficulty pursuing. We currently have international operations in Australia, Canada, South Africa and the United Kingdom. Our International Services business generated \$212 million of revenues, representing 14% of our consolidated revenues, for the fiscal year ended December 31, 2012. We believe we are well positioned to continue to benefit from foreign governments' initiatives to outsource correctional services.

### **Experienced, Proven Senior Management Team**

Our Chief Executive Officer and Founder, George C. Zoley, has led our company for 31 years and has established a track record of growth and profitability. Under his leadership, our annual consolidated revenues from continuing operations have grown from \$40.0 million in 1991 to \$1.5 billion for fiscal year ending December 31, 2012. Mr. Zoley is one of the pioneers of the industry, having developed and opened what we believe was one of the first privatized detention facilities in the U.S. in 1986. Our Chief Financial Officer, Brian R. Evans, has been with our company for over twelve years and has led the integration of our recent acquisitions and financing activities. Our top six senior executives have an average tenure with our company of over 14 years.

### **Summary Risk Factors**

Set forth below is a summary of certain risk factors applicable to our business and the exchange offer.

our ability to satisfy our repurchase obligations under the indenture governing the notes upon a change of control;

the effect our significant level of indebtedness could have on our financial condition and our ability to fulfill our debt service obligations;

the significant operating and financial restrictions contained in the covenants in the indentures governing the 7¾% senior notes, the 6.625% senior notes, and the notes and the covenants contained in the Amended and Restated Senior Credit Facility;

the adverse effect a general increase in interest rates will have on our cash flows due to our indebtedness with floating interest rates;

the failure to qualify as a REIT would subject GEO to U.S. federal income tax as a regular corporation and reduce the amount of cash available for making payments on our indebtedness;

the effect complying with the REIT requirements may have on our business, including our ability to execute our business plan and the risk it may cause us to liquidate or forgo otherwise attractive opportunities;

our lack of experience operating as a REIT, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy debt service obligations;



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our ability to secure a management contract for a facility or expansion project;

the effect of negative conditions in the capital markets that could prevent us from obtaining financing, which could materially harm our business;

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the effect of the loss of any of our facility management contracts on our results of operations and liquidity;

our ability to successfully identify, consummate or integrate acquisitions;

our ability to secure contracts to develop and manage new correctional, detention and community-based facilities and to secure contracts to provide electronic monitoring services, community-based re-entry services and monitoring and supervision services;

the impact of our dependence on a limited number of governmental customers for a significant portion of our revenues and the effect the loss or a significant decrease in business from these customers could have on our financial condition and results of operations;

the impact a decrease in occupancy levels can have on our revenues and profitability;

the impact of state budgetary constraints on our business;

the impact on our business and financial condition of our dependence on government appropriations, which may not be made on a timely basis or at all and may be adversely impacted by budgetary constraints at the federal, state and local levels;

the effect of public resistance to the privatization of correctional, detention, mental health and residential facilities on our ability to obtain new contracts or avoid the loss of existing contracts;

the risks that our international operations expose us to which could have a material adverse effect on our financial condition and results of operations;

the risks related to our facility construction and development activities that may increase our costs related to such activities;

the impact that any adverse developments in our relationship with our employees could have on our business, financial condition or results of operations; and

the impact technological change can have on our electronic monitoring products and technology and the impact of the level of acceptance of or resistance to the use of electronic monitoring products that could have a material adverse effect on our business.

For a more detailed explanation of certain risk factors, see **Risk Factors** beginning on page 16 of this prospectus.

**Business Strategies**

**Provide High Quality Comprehensive Operations and Cost Savings Throughout Corrections Lifecycle**

Our objective is to provide federal, state and local governmental agencies with a comprehensive offering of high quality, essential services at a lower cost than they themselves could achieve. We believe government agencies facing budgetary constraints will increasingly seek to outsource a greater proportion of their correctional needs to reliable providers that can enhance quality of service at a reduced cost. We believe our

expanded and diversified service offerings strategically position us to bundle our high quality services and provide a comprehensive continuum of care for our clients, which we believe will lead to lower cost outcomes for our clients and larger scale business opportunities for us.

**Maintain Disciplined Operating Approach**

We refrain from pursuing contracts that we do not believe will yield attractive profit margins in relation to the associated operational risks. In addition, although we engage in facility development from time to time without having a corresponding management contract award in place, we endeavor to do so only where we have determined that there is medium-to long-term client demand for a facility in that geographic area. We have also

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elected not to enter certain international markets with a history of economic and political instability. We believe that our strategy of emphasizing lower risk, higher profit opportunities helps us to consistently deliver strong operational performance, lower our costs and increase our overall profitability.

### **Pursue International Growth Opportunities**

As a global operator of privatized correctional facilities, we are able to capitalize on opportunities to operate existing or new facilities on behalf of foreign governments. We have seen increased business development opportunities including opportunities to cross-sell our expanded service offerings in recent years in the international markets in which we operate and are currently bidding on several new projects. We will continue to actively bid on new international projects in our current markets and in new markets that fit our target profile for profitability and operational risk.

### **Selectively Pursue Acquisition Opportunities**

We intend to continue to supplement our organic growth by selectively identifying, acquiring and integrating businesses that fit our strategic objectives and enhance our geographic platform and service offerings. Since 2005, we have successfully completed six acquisitions for total consideration, including debt assumed, in excess of \$1.7 billion. Our management team utilizes a disciplined approach to analyze and evaluate acquisition opportunities, which we believe has contributed to our success in completing and integrating our acquisitions.

## **The Corrections and Detention Industry**

We believe our network of facilities and diverse service offerings position us well to capitalize on government outsourcing of correctional management services. In addition, we believe that long-term trends related to prison inmate population growth, acceptance of privatization and lower cost of private corrections operations favor an increase in the outsourcing of correctional management services. Following are the key reasons for this outsourcing trend:

### **U.S. Correctional Population Growth**

Currently, approximately one in every 107 U.S. adults is in jail or prison and one in every 34 U.S. adults is under some form of correctional supervision. The total population under correctional supervision in the United States, which includes sentenced adults in jails or prisons and those under community supervision on probation or parole, has increased to over 7.0 million.

### **Persistent Overcrowding of Correctional Facilities**

Federal and state legislatures historically have had difficulty enacting expansion of prison capacity due to budgetary constraints and the disfavor that voters generally exhibit toward such expenditures. As a result, prison capacity in the U.S. often lags prison populations, leading to persistent prison overcrowding. According to the Bureau of Justice Statistics, as of year-end 2011, 24 states were operating at or above 100% of their highest capacity and the Federal prison system was operating at 138% of its highest rated capacity. Lower costs associated with the construction and operation of private facilities, as well as the availability of private capital, are leading federal and state jurisdictions throughout the United States to increasingly explore working with private service providers as a viable and cost-effective alternative to capital intensive projects such as new prison construction.

### **Local, State and Federal Budgetary Constraints**

As the total population of United States prisoners has grown, overall correctional costs have risen at an unsustainable rate. According to the National Association of State Budget Officers, between 1988 and 2011 national