

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

JOHN J. MULVANEY, Individually and On Behalf of All Others Similarly Situated,	}	Case No.
	}	
Plaintiff,	}	COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS
	}	
v.	}	
	}	<u>CLASS ACTION</u>
THE GEO GROUP, INC., GEORGE C. ZOLEY, and BRIAN R. EVANS,	}	
	}	<u>DEMAND FOR JURY TRIAL</u>
Defendants.	}	
	}	

CLASS ACTION COMPLAINT

Plaintiff John J. Mulvaney (“Plaintiff”), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding The GEO Group, Inc. (“GEO” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than defendants who purchased or otherwise acquired GEO securities between March 1, 2012, and August 17, 2016, both dates inclusive (the “Class Period”), seeking to recover damages caused by defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. GEO provides government-outsourced services specializing in the 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. The Company operates through four segments: U.S. Corrections & Detention, GEO Community Services, International Services, and Facility Construction & Design.

3. GEO was founded in 1984 and is headquartered in Boca Raton, Florida. The Company’s shares trade on the New York Stock Exchange (“NYSE”) under the ticker symbol “GEO.”

4. Throughout the Class Period, defendants made materially false and misleading statements regarding the Company’s business, operational and compliance policies. Specifically, defendants made false and/or misleading statements and/or failed to disclose that: (i) GEO’s facilities lacked adequate safety and security standards and were less efficient at offering correctional services than the Federal Bureau of Prisons’ (“BOP”) facilities; (ii) GEO’s rehabilitative services for inmates were less effective than those provided by BOP; (iii) consequently, the U.S. Department of Justice (“DOJ”) was unlikely to renew and/or extend its contracts with GEO; and (iv) as a result of the foregoing, GEO’s public statements were materially false and misleading at all relevant times.

5. On August 18, 2016, Deputy Attorney General Sally Yates (“Yates”) announced the DOJ’s decision to end its use of private prisons, including those operated by GEO, after officials concluded that the facilities are both less safe and less effective at providing correctional services than those run by the federal government. In a memorandum addressed to the Acting Director of the Federal Bureau of Prisons, entitled “Reducing our Use of Private Prisons,” Deputy Attorney General Yates stated, in part:

Private prisons served an important role during a difficult period, but *time has shown that they compare poorly to our own Bureau facilities. They simply do not provide the same level of correctional services, programs, and resources*; they do not save substantially on costs; and as noted in a recent report by the Department’s Office of Inspector General, *they do not maintain the same level of safety and security*. The rehabilitative services that the Bureau provides, such as educational programs and job training, have proved difficult to replicate and outsource—and these services are essential to reducing recidivism and improving public safety.

For all these reasons, I am eager to enlist your help in beginning the process of reducing—and ultimately ending—our use of privately operated prisons. As you know, all of the Bureau’s existing contracts with private prison companies are term-limited and subject to renewal or termination. I am directing that as each contract reaches the end of its term, the Bureau should either decline to renew the contract or substantially reduce its scope in a manner consistent with law and the overall decline of the Bureau’s inmate population.

6. On this news, GEO’s share price fell \$12.78, or 39.58%, to close at \$19.51 on August 18, 2016.

7. On, August 19, 2016, pre-market, GEO issued a press release announcing that the Federal Bureau of Prisons had extended its contract for the D. Ray James Correctional Facility in Georgia, operated by GEO, through September 30, 2018. That same day, less than three hours later, GEO issued another press release announcing that the Federal Bureau of Prisons had rescinded its extension of the D. Ray James Correctional Facility contract.

8. As a result of defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

9. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

11. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C. §1391(b), as defendant GEO is headquartered within this District.

12. In connection with the acts, conduct and other wrongs alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

13. Plaintiff, as set forth in the attached Certification, acquired GEO securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

14. Defendant GEO is incorporated in Florida, and the Company's principal executive offices are located at 621 Northwest 53rd Street, Suite 700, Boca Raton, Florida 33487. GEO's common stock trades on the NYSE under the ticker symbol "GEO."

15. Defendant George C. Zoley (“Zoley”) has served at all relevant times as the Company’s Chairman and Chief Executive Officer.

16. Defendant Brian R. Evans (“Evans”) has served at all relevant times as the Company’s Chief Financial Officer and Senior Vice President.

17. The defendants referenced above in ¶¶ 15-16 are sometimes referred to herein as the “Individual Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

18. GEO provides government-outsourced services specializing in the 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. The Company operates through four segments: U.S. Corrections & Detention, GEO Community Services, International Services, and Facility Construction & Design.

Materially False and Misleading Statements Issued During the Class Period

19. The Class Period begins on March 1, 2012, when GEO filed an Annual Report on Form 10-K with the SEC, announcing the Company’s financial and operating results for the quarter and year ended December 31, 2011 (the “2011 10-K”). For the quarter, GEO reported net income of \$18.63 million, or \$0.30 per diluted share, on revenue of \$406.85 million, compared to net income of \$23.05 million, or \$0.36 per diluted share, on revenue of \$374.4 million for the same period in the prior year. For 2011, GEO reported net income of \$77.46 million, or \$1.23 per diluted share, on revenue of \$1.61 billion, compared to net income of \$63.47 million, or \$1.13 per diluted share, on revenue of \$1.27 billion for 2010. In the 2011 10-K, GEO advised investors that:

We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. Of our governmental

clients, four customers accounted for over 50% of our consolidated revenues for the year ended January 1, 2012. In addition, three federal governmental agencies with correctional and detention responsibilities, the Bureau of Prisons, ICE, and the U.S. Marshals Service, accounted for 39.9% of our total consolidated revenues for the year ended January 1, 2012, with the Bureau of Prisons accounting for 16.0% of our total consolidated revenues for such period, ICE accounting for 13.4% of our total consolidated revenues for such period, and the U.S. Marshals Service accounting for 10.5% of our total consolidated revenues for such period.

20. In the 2011 10-K, GEO further stated, in part:

We operate each facility in accordance with our company-wide policies and procedures and with the standards and guidelines required under the relevant management contract. For many facilities, the standards and guidelines include those established by the American Correctional Association, or ACA. The ACA is an independent organization of corrections professionals, which establishes correctional facility standards and guidelines that are generally acknowledged as a benchmark by governmental agencies responsible for correctional facilities. Many of our contracts in the United States require us to seek and maintain ACA accreditation of the facility. We have sought and received ACA accreditation and re-accreditation for all such facilities. We achieved a median re-accreditation score of 99.8% as of January 1, 2012

...

Competitive Strengths

...

Long-Term Relationships with 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 United States Federal Government for 25 years

...

Business Concentration

Except for the major customers noted in the following table, no other single customer made up greater than 10% of our consolidated revenues, excluding discontinued operations, for these years.

Customer	2011	2010	2009
Various agencies of the U.S Federal Government:	40%	35%	31%

(Emphases added)

21. The 2011 10-K contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the 2011 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

22. On May 10, 2012, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended April 1, 2012 (the "Q1 2012 10-Q"). For the quarter, GEO reported net income of \$15.06 million, or \$0.25 per diluted share, on revenue of \$412.34 million, compared to net income of \$16.38 million, or \$0.26 per diluted share, on revenue of \$391.77 million for the same period in the prior year.

23. The Q1 2012 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q1 2012 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

24. On August 9, 2012, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended July 1, 2012 (the "Q2 2012 10-Q"). For the quarter, GEO reported net income of \$22.47 million, or \$0.37 per diluted share, on revenue of \$412.35 million, compared to net income of \$21.16 million, or \$0.33 per diluted share, on revenue of \$396.8 million for the same period in the prior year.

25. The Q2 2012 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q2 2012 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

26. On November 8, 2012, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended September 30, 2012 (the "Q3 2012 10-Q"). For the quarter, GEO reported net income of \$14.73 million, or \$0.25

per diluted share, on revenue of \$411.52 million, compared to net income of \$21.29 million, or \$0.34 per diluted share, on revenue of \$395.68 million for the same period in the prior year.

27. The Q3 2012 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q3 2012 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

28. On March 1, 2013, GEO filed an Annual Report on Form 10-K with the SEC, announcing the Company's financial and operating results for the quarter and year ended December 31, 2012 (the "2012 10-K"). For the quarter, GEO reported net income of \$39.31 million, or \$1.32 per diluted share, on revenue of \$378.73 million, compared to net income of \$47.29 million, or \$0.30 per diluted share, on revenue of \$354.47 million for the same period in the prior year. For 2012, GEO reported net income of \$133.9 million, or \$2.37 per diluted share, on revenue of \$1.48 billion, compared to net income of \$62.79 million, or \$1.11 per diluted share, on revenue of \$1.41 billion for 2011. In the 2012 10-K, GEO advised investors that:

We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. Of our governmental clients, four customers accounted for 50% of our consolidated revenues for the year ended December 31, 2012. In addition, three federal governmental agencies with correctional and detention responsibilities, the Bureau of Prisons, ICE, and the U.S. Marshals Service, accounted for 45.8% of our total consolidated revenues for the year ended December 31, 2012, with the Bureau of Prisons accounting for 17.0% of our total consolidated revenues for such period, ICE accounting for 17.3% of our total consolidated revenues for such period, and the U.S. Marshals Service accounting for 11.4% of our total consolidated revenues for such period.

29. In the 2012 10-K, GEO further stated, in part:

Competitive Strengths

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Long-Term Relationships with 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 United States 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. These customers accounted for approximately 64.4% of our consolidated revenues for the fiscal year ended December 31, 2012. The acquisitions of Cornell and BI have increased our business with our three largest federal clients: the Federal Bureau of Prisons, U.S. Marshals Service and ICE.

...

We operate each facility in accordance with our company-wide policies and procedures and with the standards and guidelines required under the relevant management contract. For many facilities, the standards and guidelines include those established by the American Correctional Association, or ACA. The ACA is an independent organization of corrections professionals, which establishes correctional facility standards and guidelines that are generally acknowledged as a benchmark by governmental agencies responsible for correctional facilities. Many of our contracts in the United States require us to seek and maintain ACA accreditation of the facility. We have sought and received ACA accreditation and re-accreditation for all such facilities. We achieved a median re-accreditation score of 99.6% as of December 31, 2012.

...

Business Concentration

Except for the major customer noted in the following table, no other single customer made up greater than 10% of the Company's consolidated revenues for the following fiscal years.

Customer	2012	2011	2010
Various agencies of the U.S Federal Government:	47 %	40%	35 %

(Emphasis added.)

30. The 2012 10-K contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the 2012 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

31. On May 10, 2013, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended March 31, 2013 (the "Q1 2013 10-Q"). For the quarter, GEO reported net income of \$23.44 million, or \$0.33 per diluted share, on revenue of \$377.03 million, compared to net income of \$15.06 million, or \$0.25 per diluted share, on revenue of \$360.04 million for the same period in the prior year.

32. The Q1 2013 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q1 2013 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

33. On August 8, 2013, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended June 30, 2013 (the "Q2 2013 10-Q"). For the quarter, GEO reported net income of \$34.22 million, or \$0.48 per diluted share, on revenue of \$381.65 million, compared to net income of \$22.48 million, or \$0.37 per diluted share, on revenue of \$371.17 million for the same period in the prior year.

34. The Q2 2013 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q2 2013 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

35. On November 8, 2013, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended September 30, 2013 (the "Q3 2013 10-Q"). For the quarter, GEO reported net income of \$29.91 million, or \$0.42 per diluted share, on revenue of \$379.84 million, compared to net income of \$14.73 million, or \$0.33 per diluted share, on revenue of \$369.12 million for the same period in the prior year.

36. The Q3 2013 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q3 2013 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

37. On March 3, 2014, GEO filed an Annual Report on Form 10-K with the SEC, announcing the Company's financial and operating results for the quarter and year ended December 31, 2013 (the "2013 10-K"). For the quarter, GEO reported net income of \$27.63 million, or \$0.38 per diluted share, on revenue of \$383.55 million, compared to net income of \$81.61 million, or \$1.32 per diluted share, on revenue of \$378.73 million for the same period in the prior year. For 2013, GEO reported net income of \$115.2 million, or \$1.64 per diluted share, on revenue of \$1.52 billion, compared to net income of \$133.9 million, or \$2.37 per diluted share, on revenue of \$1.48 billion for 2012. In the 2013 10-K, GEO advised investors that:

We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. Of our governmental clients, four customers, through multiple individual contracts, accounted for 48.6% of our consolidated revenues for the year ended December 31, 2013. In addition, three federal governmental agencies with correctional and detention responsibilities, the Bureau of Prisons, ICE, and the U.S. Marshals Service, accounted for 44.6% of our total consolidated revenues for the year ended December 31, 2013 through multiple individual contracts, with the Bureau of Prisons accounting for 16.8% of our total consolidated revenues for such period, ICE accounting for 16.7% of our total consolidated revenues for such period, and the U.S. Marshals Service accounting for 11.1% of our total consolidated revenues for such period; however, no individual contract with these clients accounted for more than 5.0% of our total consolidated revenues.

38. In the 2013 10-K, GEO further stated, in part:

We operate each facility in accordance with our company-wide policies and procedures and with the standards and guidelines required under the relevant management contract. For many facilities, the standards and guidelines include those established by the American Correctional Association, or ACA. The ACA is an independent organization of corrections professionals, which establishes correctional facility standards and guidelines that are generally acknowledged as a benchmark by governmental agencies responsible for correctional facilities. Many of our contracts in the United States require us to seek and maintain ACA

accreditation of the facility. We have sought and received ACA accreditation and re-accreditation for all such facilities. We achieved a median re-accreditation score of 99.7% as of December 31, 2013. Approximately 91.4% of our 2013 U.S. Corrections & Detention revenue was derived from ACA accredited facilities for the year ended December 31, 2013. In January 2012, we also received accreditation at our Blackwater River Correctional Facility and at Hudson Correctional Facility. We have also achieved and maintained accreditation by The Joint Commission (TJC), at three of our correctional facilities and at nine of our youth services locations. We have been successful in achieving and maintaining accreditation under the National Commission on Correctional Health Care, or NCCHC, in a majority of the facilities that we currently operate. The NCCHC accreditation is a voluntary process which we have used to establish comprehensive health care policies and procedures to meet and adhere to the ACA standards. The NCCHC standards, in most cases, exceed ACA Health Care Standards and we have achieved this accreditation at six of our U.S. Corrections & Detention facilities and at two youth services locations. Additionally, B.I. Incorporated (“BI”) has achieved a certification for ISO 9001:2008 for the design, production, installation and servicing of products and services produced by the Electronic Monitoring business units, including electronic home arrest and domestic violence intervention monitoring services and products, installation services, and automated caseload management services.

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Competitive Strengths

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Long-Term Relationships with 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 United States Federal Government for 27 years, the State of California for 26 years, the State of Texas for approximately 26 years, various Australian state government entities for 22 years and the State of Florida for approximately 20 years. These customers accounted for approximately 62.7% of our consolidated revenues for the fiscal year ended December 31, 2013.

...

Business Concentration

Except for the major customers noted in the following table, no other single customer made up greater than 10% of our consolidated revenues, excluding discontinued operations, for these years.

Customer	2013	2012	2011
Various agencies of the U.S Federal Government:	45 %	47%	40 %

(Emphasis added)

39. The 2013 10-K contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the 2013 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

40. On May 6, 2014, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended March 31, 2014 (the "Q1 2014 10-Q"). For the quarter, GEO reported net income of \$27.99 million, or \$0.39 per diluted share, on revenue of \$393.14 million, compared to net income of \$23.44 million, or \$0.33 per diluted share, on revenue of \$377.03 million for the same period in the prior year.

41. The Q1 2014 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q1 2014 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

42. On August 8, 2014, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended June 30, 2014 (the "Q2 2014 10-Q"). For the quarter, GEO reported net income of \$38.9 million, or \$0.54 per diluted share, on revenue of \$412.84 million, compared to net income of \$34.22 million, or \$0.48 per diluted share, on revenue of \$381.65 million for the same period in the prior year.

43. The Q2 2014 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q2 2014 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

44. On November 10, 2014, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended September 30, 2014 (the "Q3 2014 10-Q"). For the quarter, GEO reported net income of \$38.97 million, or \$0.54 per diluted share, on revenue of \$457.9 million, compared to net income of \$29.91 million, or \$0.42 per diluted share, on revenue of \$379.84 million for the same period in the prior year.

45. The Q3 2014 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q3 2014 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

46. On February 26, 2015, GEO filed an Annual Report on Form 10-K with the SEC, announcing the Company's financial and operating results for the quarter and year ended December 31, 2014 (the "2014 10-K"). For the quarter, GEO reported net income of \$27.63 million, or \$0.38 per diluted share, on revenue of \$383.55 million, compared to net income of \$40.52 million, or \$1.32 per diluted share, on revenue of \$437.08 million for the same period in the prior year. For 2014, GEO reported net income of \$143.84 million, or \$1.98 per diluted share, on revenue of \$1.69 billion, compared to net income of \$115.2 million, or \$1.61 per diluted share, on revenue of \$1.52 billion for 2013. In the 2014 10-K, GEO advised investors that:

We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. Of our governmental clients, four customers, through multiple individual contracts, accounted for 42.5% of our consolidated revenues for the year ended December 31, 2014. In addition, three federal governmental agencies with correctional and detention responsibilities, the Bureau of Prisons, ICE, and the U.S. Marshals Service, accounted for 41.9% of our total consolidated revenues for the year ended December 31, 2014 through multiple individual contracts, with the Bureau of Prisons accounting for 15.8% of our total consolidated revenues for such period, ICE accounting for 15.6% of our total consolidated revenues for such period, and the U.S. Marshals Service accounting for 10.5% of our total consolidated revenues for such period; however, no individual contract with these clients accounted for more than 5.0% of our total consolidated revenues.

47. In the 2014 10-K, GEO further stated, in part:

We operate each facility in accordance with our company-wide policies and procedures and with the standards and guidelines required under the relevant management contract. For many facilities, the standards and guidelines include those established by the American Correctional Association, or ACA. The ACA is an independent organization of corrections professionals, which establishes correctional facility standards and guidelines that are generally acknowledged as a benchmark by governmental agencies responsible for correctional facilities. Many of our contracts in the United States require us to seek and maintain ACA accreditation of the facility. We have sought and received ACA accreditation and re-accreditation for all such facilities.

...

Competitive Strengths

...

Long-Term Relationships with 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 United States Federal Government for 28 years, the State of California for 27 years, the State of Texas for approximately 27 years, various Australian state government entities for 23 years and the State of Florida for approximately 21 years. These customers accounted for approximately 66.2% of our consolidated revenues for the fiscal year ended December 31, 2014.

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Business Concentration

Except for the major customers noted in the following table, no other single customer made up greater than 10% of our consolidated revenues, excluding discontinued operations, for these years.

Customer	2014	2013	2012
Various agencies of the U.S Federal Government:	42%	45%	47%

(Emphasis added)

48. The 2014 10-K contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the 2014 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

49. On May 7, 2015, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended March 31, 2015 (the "Q1 2015 10-Q"). For the quarter, GEO reported net income of \$28.76 million, or \$0.39 per diluted share, on revenue of \$427.37 million, compared to net income of \$27.99 million, or \$0.39 per diluted share, on revenue of \$393.14 million for the same period in the prior year.

50. The Q1 2015 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q1 2015 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

51. On August 7, 2015, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended June 30, 2015 (the "Q2 2015 10-Q"). For the quarter, GEO reported net income of \$28.25 million, or \$0.38 per diluted share, on revenue of \$445.95 million, compared to net income of \$38.9 million, or \$0.54 per diluted share, on revenue of \$412.84 million for the same period in the prior year.

52. The Q2 2015 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q2 2015 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

53. On November 6, 2015, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended September 30, 2015 (the "Q3 2015 10-Q"). For the quarter, GEO reported net income of \$38.29 million, or \$0.52

per diluted share, on revenue of \$469.87 million, compared to net income of \$38.97 million, or \$0.54 per diluted share, on revenue of \$457.9 million for the same period in the prior year.

54. The Q3 2015 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q3 2015 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

55. On February 26, 2016, GEO filed an Annual Report on Form 10-K with the SEC, announcing the Company's financial and operating results for the quarter and year ended December 31, 2015 (the "2015 10-K"). For the quarter, GEO reported net income of \$27.63 million, or \$0.38 per diluted share, on revenue of \$383.55 million, compared to net income of \$27.63 million, or \$0.38 per diluted share, on revenue of \$383.55 million for the same period in the prior year. For 2015, GEO reported net income of \$139.32 million, or \$1.88 per diluted share, on revenue of \$1.84 billion, compared to net income of \$143.84 million, or \$1.98 per diluted share, on revenue of \$1.69 billion for 2014. In the 2015 10-K, GEO advised investors that:

We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. Of our governmental partners, four customers, through multiple individual contracts, accounted for 45.5% of our consolidated revenues for the year ended December 31, 2015. In addition, three federal governmental agencies with correctional and detention responsibilities, the Bureau of Prisons, ICE, and the U.S. Marshals Service, accounted for 44.9% of our total consolidated revenues for the year ended December 31, 2015 through multiple individual contracts, with the Bureau of Prisons accounting for 15.6% of our total consolidated revenues for such period, ICE accounting for 17.7% of our total consolidated revenues for such period, and the U.S. Marshals Service accounting for 11.6% of our total consolidated revenues for such period; however, no individual contract with these clients accounted for more than 5.0% of our total consolidated revenues.

56. In the 2015 10-K, GEO further stated, in part:

We operate each facility in accordance with our company-wide policies and procedures and with the standards and guidelines required under the relevant management contract. For many facilities, the standards and guidelines include those established by the American Correctional Association, or ("ACA"). The ACA

is an independent organization of corrections professionals, which establishes correctional facility standards and guidelines that are generally acknowledged as a benchmark by governmental agencies responsible for correctional facilities. Many of our contracts in the United States require us to seek and maintain ACA accreditation of the facility. We have sought and received ACA accreditation and re-accreditation for all such facilities. We achieved a median re-accreditation score of 99.8% as of December 31, 2015. Approximately 79.5% of our 2015 U.S. Corrections & Detention revenue was derived from ACA accredited facilities for the year ended December 31, 2015. We have also achieved and maintained accreditation by The Joint Commission at four of our correctional facilities and at nine of our youth services locations. We have been successful in achieving and maintaining accreditation under the National Commission on Correctional Health Care, or (“NCCHC”), in a majority of the facilities that we currently operate. The NCCHC accreditation is a voluntary process which we have used to establish comprehensive health care policies and procedures to meet and adhere to the ACA standards. The NCCHC standards, in most cases, exceed ACA Health Care Standards and we have achieved this accreditation at nine of our U.S. Corrections & Detention facilities and at two youth services locations. Additionally, BI has achieved a certification for ISO 9001:2008 for the design, production, installation and servicing of products and services produced by the electronic monitoring business units, including electronic home arrest and electronic monitoring technology products and monitoring services, installation services, and automated caseload management services.

...

Business Concentration

Except for the major customers noted in the following table, no other single customer made up greater than 10% of our consolidated revenues, excluding discontinued operations, for these years.

Customer	2015	2014	2013
Various agencies of the U.S Federal Government:	45%	42%	45%

57. The 2015 10-K contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the 2015 10-K was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

58. On May 3, 2016, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company’s financial and operating results for the quarter ended March 31, 2016 (the “Q1 2016 10-Q”). For the quarter, GEO reported net income of \$32.37 million, or \$0.44 per

diluted share, on revenue of \$510.19 million, compared to net income of \$28.76 million, or \$0.39 per diluted share, on revenue of \$427.37 million for the same period in the prior year.

59. The Q1 2016 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q1 2016 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

60. On August 5, 2012, GEO filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended June 30, 2016 (the "Q2 2016 10-Q"). For the quarter, GEO reported net income of \$23.16 million, or \$0.31 per diluted share, on revenue of \$548.35 million, compared to net income of \$28.25 million, or \$0.38 per diluted share, on revenue of \$445.95 million for the same period in the prior year.

61. The Q2 2016 10-Q contained signed certifications pursuant to SOX by Defendants Zoley and Evans, stating that the financial information contained in the Q2 2016 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

62. The statements referenced in ¶¶ 19-61 were materially false and misleading because defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operational and compliance policies. Specifically, defendants made false and/or misleading statements and/or failed to disclose that: (i) GEO's facilities lacked adequate safety and security standards and were less efficient at offering correctional services than BOP facilities; (ii) GEO's rehabilitative services for inmates were less effective than those provided by BOP; (iii) consequently, the DOJ was unlikely to renew and/or extend its contracts with GEO; and (iv) as a result of the foregoing, GEO's public statements were materially false and misleading at all relevant times.

The Truth Emerges

63. On August 18, 2016, Deputy Attorney General Yates announced the DOJ's decision to end its use of private prisons, including those operated by GEO, after officials concluded that the facilities are both less safe and less effective at providing correctional services than those run by the federal government. In a memorandum addressed to the Acting Director of the BOP, entitled "Reducing our Use of Private Prisons," Deputy Attorney General Yates stated, in part:

Private prisons served an important role during a difficult period, but *time has shown that they compare poorly to our own Bureau facilities. They simply do not provide the same level of correctional services, programs, and resources*; they do not save substantially on costs; and as noted in a recent report by the Department's Office of Inspector General, *they do not maintain the same level of safety and security*. The rehabilitative services that the Bureau provides, such as educational programs and job training, have proved difficult to replicate and outsource—and these services are essential to reducing recidivism and improving public safety.

For all these reasons, I am eager to enlist your help in beginning the process of reducing—and ultimately ending—our use of privately operated prisons. As you know, all of the Bureau's existing contracts with private prison companies are term-limited and subject to renewal or termination. I am directing that as each contract reaches the end of its term, the Bureau should either decline to renew the contract or substantially reduce its scope in a manner consistent with law and the overall decline of the Bureau's inmate population.
(Emphases added)

64. As a result of this news, GEO's share price fell \$12.78, or 39.58%, to close at \$19.51 on August 18, 2016.

65. As a result of defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

Post-Class-Period Disclosures

66. On August 19, 2016, pre-market, GEO issued a press release announcing that the Federal Bureau of Prisons had extended its contract for the D. Ray James Correctional Facility

through September 30, 2018. That same day, less than three hours later, GEO issued another press release announcing that the Federal Bureau of Prisons had rescinded its extension of the D. Ray James Correctional Facility contract.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

67. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired GEO securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

68. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, GEO securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by GEO or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

69. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

70. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

71. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by defendants' acts as alleged herein;
- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of GEO;
- whether the Individual Defendants caused GEO to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of GEO securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

72. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

73. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- GEO securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold GEO securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

74. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

75. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Against All Defendants For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder)

76. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

77. This Count is asserted against defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

78. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of GEO securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire GEO securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

79. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for GEO securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about GEO's finances and business prospects.

80. By virtue of their positions at GEO, defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose

such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to defendants. Said acts and omissions of defendants were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

81. Defendants were personally motivated to make false statements and omit material information necessary to make the statements not misleading in order to personally benefit from the sale of GEO securities from their personal portfolios.

82. Information showing that defendants acted knowingly or with reckless disregard for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or directors of GEO, the Individual Defendants had knowledge of the details of GEO's internal affairs.

83. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of GEO. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to GEO's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of GEO securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning GEO's business and financial condition which were concealed by defendants, Plaintiff and the other members of the Class purchased or otherwise acquired GEO securities at

artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by defendants, and were damaged thereby.

84. During the Class Period, GEO securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of GEO securities at prices artificially inflated by defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of GEO securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of GEO securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

85. By reason of the conduct alleged herein, defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

86. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

**(Violations of Section 20(a) of the
Exchange Act Against The Individual Defendants)**

87. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

88. During the Class Period, the Individual Defendants participated in the operation and management of GEO, and conducted and participated, directly and indirectly, in the conduct of GEO's business affairs. Because of their senior positions, they knew the adverse non-public information about GEO's misstatement of income and expenses and false financial statements.

89. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to GEO's financial condition and results of operations, and to correct promptly any public statements issued by GEO which had become materially false or misleading.

90. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which GEO disseminated in the marketplace during the Class Period concerning GEO's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause GEO to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of GEO within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of GEO securities.

91. Each of the Individual Defendants, therefore, acted as a controlling person of GEO. By reason of their senior management positions and/or being directors of GEO, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause,

GEO to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of GEO and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

92. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by GEO.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: August 25, 2016

Respectfully submitted,

POMERANTZ LLP

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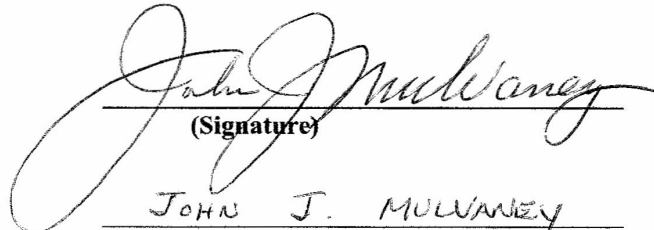
Attorneys for Plaintiff

**CERTIFICATION PURSUANT
TO FEDERAL SECURITIES LAWS**

1. I, John J. Mulvaney, make this declaration pursuant to Section 27(a)(2) of the Securities Act of 1933 ("Securities Act") and/or Section 21D(a)(2) of the Securities Exchange Act of 1934 ("Exchange Act") as amended by the Private Securities Litigation Reform Act of 1995.
2. I have reviewed a Complaint against The GEO Group, Inc. ("GEO" or the "Company") and authorize the filing of a comparable complaint on my behalf.
3. I did not purchase or acquire GEO securities at the direction of plaintiffs' counsel or in order to participate in any private action arising under the Securities Act or Exchange Act.
4. I am willing to serve as a representative party on behalf of a Class of investors who purchased or acquired GEO securities during the class period, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.
5. To the best of my current knowledge, the attached sheet lists all of my transactions in GEO securities during the Class Period as specified in the Complaint.
6. During the three-year period preceding the date on which this Certification is signed, I have not sought to serve as a representative party on behalf of a class under the federal securities laws.
7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.

8. I declare under penalty of perjury that the foregoing is true and correct.

Executed AUG 22 2016
(Date)


(Signature)
JOHN J. MULVANEY
(Type or Print Name)

THE GEO GROUP, INC. (GEO)

Mulvaney, John J.

LIST OF PURCHASES AND SALES

DATE	PURCHASE OR SALE	NUMBER OF SHS/UTS	PRICE PER SH/UT
7/12/2016	Purchase	500	\$34.3900