

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

\_\_\_\_\_, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

THE GEO GROUP, INC., GEORGE C.  
ZOLEY, and BRIAN R. EVANS,

Defendants.

**Case No.**

**CLASS ACTION COMPLAINT**

**JURY TRIAL DEMANDED**

Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding The GEO Group, Inc. (“GEO Group” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial additional 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 Group securities between

February 27, 2020 and June 16, 2020, 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 Group is purportedly the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of secure facilities, processing centers, and community reentry centers in the U.S., Australia, South Africa, and the United Kingdom. GEO Group is also purportedly a leading provider of enhanced in-custody rehabilitation, post-release support, electronic monitoring, and community-based programs. The Company’s worldwide operations include the ownership and/or management of, among other facilities, halfway houses in the U.S.

3. Between late 2019 and early 2020, a novel strain of the coronavirus disease, commonly referred to as COVID-19, became an ongoing global pandemic, with the outbreak first identified in Wuhan, China, in December 2019. The virus quickly spread to other countries, including the U.S., prompting state, federal, and private parties to enact various health and safety measures to halt the spread of the disease, which has since claimed hundreds of thousands of lives, with over one hundred thousand deaths in the U.S. alone. To date, the State of Kansas (“Kansas”) has experienced at least 12,970 cases and 261 deaths related to COVID-19.

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 Group maintained woefully ineffective COVID-19 response procedures; (ii) those inadequate procedures subjected residents of the Company’s halfway houses to significant health risks; (iii) accordingly,

the Company was vulnerable to significant financial and/or reputational harm; and (iv) as a result, the Company's public statements were materially false and misleading at all relevant times.

5. On June 17, 2020, during pre-market hours, *The Intercept* published an article entitled "GEO Group's Blundering Response to the Pandemic Helped Spread Coronavirus in Halfway Houses." The article reported details of a significant COVID-19 outbreak at the Grossman Center, a halfway house in Leavenworth, Kansas, operated by GEO Group—which "was for weeks the hardest hit federal halfway house in the country" in terms of confirmed cases of COVID-19. Citing interviews with residents of the Grossman Center, *The Intercept* characterized GEO Group's response as "blundering" and reported "that the virus spread not in spite of the facility's efforts to contain it, but because of it." According to the article, the Grossman Center continued to keep its residents in overcrowded conditions without enforcing personal protective measures even as COVID-19 diagnoses at the facility increased.

6. On this news, GEO Group's stock price fell \$1.03 per share, or 7.8%, to close at \$12.17 per share on June 17, 2020.

7. 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**

8. The claims asserted herein arise under and pursuant to Sections 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).

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

10. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). GEO Group is headquartered in this Judicial District, Defendants conduct business in this Judicial District, and a significant portion of Defendants' actions took place within this Judicial District.

11. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

### **PARTIES**

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

13. Defendant GEO Group is incorporated in Florida, with principal executive offices located at 4955 Technology Way, Boca Raton, Florida 33431. The Company's common stock trades in an efficient market on the New York Stock Exchange ("NYSE") under the ticker symbol "GEO."

14. Defendant George C. Zoley ("Zoley") has served as GEO Group's Chief Executive Officer at all relevant times.

15. Defendant Brian R. Evans ("Evans") has served as GEO Group's Chief Financial Officer at all relevant times.

16. Defendants Zoley and Evans are sometimes referred to herein as the "Individual Defendants."

17. The Individual Defendants possessed the power and authority to control the contents of GEO Group’s SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of GEO Group’s SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with GEO Group, and their access to material information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

18. GEO Group and the Individual Defendants are collectively referred to herein as “Defendants.”

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

19. GEO Group is purportedly the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of secure facilities, processing centers, and community reentry centers in the U.S., Australia, South Africa, and the United Kingdom. GEO Group is also purportedly a leading provider of enhanced in-custody rehabilitation, post-release support, electronic monitoring, and community-based programs. The Company’s worldwide operations include the ownership and/or management of, among other facilities, halfway houses in the U.S.

20. Between late 2019 and early 2020, a novel strain of the coronavirus disease, commonly referred to as COVID-19, became an ongoing global pandemic, with the outbreak first

identified in Wuhan, China, in December 2019. The virus quickly spread to other countries, including the U.S., prompting state, federal, and private parties to enact various health and safety measures to halt the spread of the disease, which has since claimed hundreds of thousands of lives, with over one hundred thousand deaths in the U.S. alone. To date, Kansas has experienced at least 12,970 cases and 261 deaths related to COVID-19.

**Materially False and Misleading Statements Issued During the Class Period**

21. The Class Period begins on February 27, 2020, the day after GEO Group filed an Annual Report on Form 10-K with the SEC, reporting the Company's financial and operating results for the quarter ended December 31, 2019 (the "2019 10-K"). With respect to "Quality of Operations," the 2019 10-K stated, in relevant 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 for our facilities. We have sought and received ACA accreditation and re-accreditation for all such facilities. We achieved a median re-accreditation score of 100% as of December 31, 2019. Approximately 90% of our 2019 U.S. Secure Services revenue was derived from ACA accredited facilities for the year ended December 31, 2019. We have also achieved and maintained accreditation by The Joint Commission at five of our secure service 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 ("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 14 of our U.S. Secure Services facilities and at one youth services location. 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 electronic monitoring technology

products and monitoring services, installation services, and automated caseload management services.

22. Further, with respect to “Corporate Social Responsibility,” the 2019 10-K stated,

in relevant part:

We have referenced the GRI Standards and the UN Guiding Principles on Business and Human Rights as we have recognized the need for a transparent and disciplined enterprise-wide approach. In our pursuit of this approach, we have begun with the following set of ongoing objectives:

- Provide greater transparency for our stakeholders and the general public with respect to our various efforts in all our facilities aimed at respecting human rights.
- Enhance our ability to flag potential issues in all areas of our operations and compress the time it takes to respond with corrective measures.
- Use widely accepted methodologies for evaluating performance and setting objectives for improvements in corporate governance, corporate social policy, environmental impact and energy conservation.

23. In addition, the 2019 10-K touted numerous of the Company’s “Competitive

Strengths,” including:

***Leading Secure Services Provider Uniquely Positioned to Offer a Continuum of Care***

We are the second largest provider of public-private partnership secure services and processing center facilities worldwide and the largest provider of community-based reentry services, youth services and electronic monitoring services in the U.S. secure services sector. 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 platform enables us to provide consistency and continuity in case management, which we believe results in a higher quality of care for individuals in our care, reduces recidivism, lowers overall costs for our clients, improves public safety and facilitates successful reintegration of individuals back into society.

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

We operate the seventh largest correctional system in the U.S. by number of beds, including the federal government and all 50 states. We currently have secure services operations in approximately 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, treatment and education of individuals within our care. We believe our size and breadth of service offerings enable us to generate economies of scale which maximize our efficiencies and allows 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.

(Emphasis in original.)

24. Finally, with respect to “Business Strategies,” the 2019 10-K stated, in relevant part:

***Provide High Quality, Comprehensive Services and Cost Savings Throughout the 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 uniquely 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.

(Emphasis in original.)

25. Appended to the 2019 10-K as exhibits were signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by the Individual Defendants, attesting that “the information contained in the [2019 10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

26. On April 30, 2020, GEO Group hosted an earnings call with investors and analysts to discuss the Company’s financial and operating results for the first quarter of 2020. Throughout

the call, Defendant Zoley touted the Company's COVID-19 response procedures, stating, in relevant part:

Some of our employees live in communities that have endured significant hardship and a few of our facilities have experienced cases of COVID-19 in both on our staff and individuals entrusted to our care. From the outset of this global pandemic our corporate, regional and field staff have implemented comprehensive steps to address and mitigate the risks of COVID-19 to all of those in our care and our employees.

Ensuring the health and safety of all those in our facilities and our employees has always been our number one priority. As a longstanding provider of the central government services we have the experience for the implementation of best practices for the prevention, assessment and the management of infectious diseases.

All of our facilities operate safely and without overcrowded conditions. All of our facilities have access to regular handwashing with clean water and soap, as well as ample hygiene and sanitation products. All of our GEO Group Secure facilities provide 24/7 access to healthcare.

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As you've heard today, we have taken comprehensive steps to address and mitigate the risk of COVID-19 across all of our facilities and programs. Ensuring the health and safety of all of those in our care and our employees has always been our number one priority.

We are committed to working closely with our government agency partners and local health officials across the country as well as continue to fight the spread of COVID-19. Despite the significant challenges associated with this global pandemic, our business, earnings and cash flows remain resilient.

27. Further, other GEO Group executives touted the Company's COVID-19 response procedures on the earnings call, stating, in relevant part:

We immediately updated our policies and procedures to include best practices for the prevention, assessment and management of COVID-19, again relying on the guidance issued by the CDC. These best practices include the implementation of quarantine and cohorting procedures to isolate confirmed and presumptive cases of COVID-19, including medical isolation and the use of airborne infection isolation rooms at our facilities.

We also provided educational guidance to our employees and individuals in our care on the best preventive measures to avoid the spread of COVID-19, such as

frequent and careful handwashing, avoiding touching areas of the face including facial hair, avoiding individuals exhibiting flu-like symptoms, proper cough and sneeze etiquette, social distancing requirements and adjustments to laundry and meal schedules.

We have increased the distribution of personal hygiene products including soap, shampoo and bodywash and tissue paper to at least twice per week at all of our facilities and more frequently if needed. Additionally, bars of soap or soap dispensers are placed at each sink daily for hand washing.

We have also deployed specialized sanitation teams to sterilize high-contact areas of our facilities and have developed intensive schedules and procedures for the cleaning and disinfecting of facility spaces above and beyond normal cleaning activities. We have procured additional cleaning equipment and sanitation products that are proven health care-grade disinfectants.

We advised our employees to remain home if they exhibit flu-like symptoms. And we've exercised flexible paid leave and paid-time-off policies to allow for employees to remain home if they exhibit flu-like symptoms or to care for a family member. We engaged with our government partners to promptly suspend nonessential visitation at all of our facilities and we have employed additional measures during the intake process in all of our facilities to include screening specific to COVID-19.

These additional screening procedures include temperature checks for all staff and any legally required visits before entering our facilities as well. Verbal medical screening questionnaires are also available. We ordered and received swab kits for COVID-19 from a national supplier and we enacted quarantine and testing policies for any employees who may have come into contact with any individual who has tested positive for COVID-19.

At every one of our facilities we have worked closely with our government agency partners and local health officials to develop COVID-19 emergency plans and testing policies for the individuals in our care.

In March of this year, we started procuring additional personal protective equipment and began issuing if clinically needed at facilities impacted by COVID-19. And over the course of April, we coordinated with our government partners to distribute personal protective equipment including face masks to all staff, inmates and detainees as a precautionary measure at all of our GEO Secure Services facilities.

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Consistent with the efforts undertaken by our GEO Secure Services facilities, all of our residential facilities and GEO Reentry and GEO Youth Services had issued

COVID-19 guidance consistent with the guidance issued by the Centers for Disease Control and Prevention.

We have updated our policies and procedures to include best practices for the prevention, assessment and management of COVID-19 including the implementation of quarantine and cohorting procedures to isolate confirmed and presumptive cases of COVID-19.

We have provided educational guidance to our employees and all individuals in our care on the best preventative measures to avoid the spread of COVID-19 and we have increased the distribution of personal hygiene products.

Similar to our GEO Secure Services facilities, we have deployed specialized sanitation teams to sterilize high-contact areas of our facilities and have developed special schedules and procedures for the cleaning and disinfecting of facility spaces using sanitation products that are proven health care-grade disinfectants.

We have also advised our employees to remain home if they exhibit flu-like symptoms and have exercised flexible paid leave and paid-time-off policies to allow for employees to remain home as needed.

We have implemented additional screening measures for entry into our facilities and we are providing face masks to all staff and residents. At all of our facilities, we have worked closely with our government agency partners and local health officials to develop COVID-19 emergency plans and testing policies consistent with CDC guidance.

We have also established rapid response teams to be deployed to assist facilities that have been impacted by COVID-19. The COVID-19 pandemic has affected many communities where our employees live especially in the Northeast.

28. On May 6, 2020, GEO Group filed a Quarterly Report on Form 10-Q with the SEC, reporting the Company's financial and operating results for the quarter ended March 31, 2020 (the "Q1 2020 10-Q"). With respect to "Health and Safety," the Q1 2020 10-Q stated, in relevant part:

As the COVID-19 pandemic has impacted communities across the United States and around the world, our employees and facilities have also been impacted by the spread of COVID-19. Ensuring the health and safety of our employees and all those in our care has always been our number one priority. As a longstanding provider of essential government services, we have experience with the implementation of best practices for the prevention, assessment, and management of infectious diseases.

- All of our facilities provide 24/7 access to healthcare;

- All of our ICE Processing Centers typically have approximately double the number of healthcare staff, compared to state correctional facilities;
- Many of our facilities are equipped with Airborne Infection Isolation Rooms;
- All of our facilities operate safely and without any overcrowded conditions; and
- All of our facilities have access to regular handwashing with clean water and soap.

29. Further, the Q1 2020 10-Q touted a list of steps that the Company purportedly implemented at the outset of the global pandemic, including:

- We issued guidance to all of our facilities, consistent with the guidance issued for correctional and detention facilities by the Centers for Disease Control and Prevention Interim Guidance on Management of Coronavirus Disease 2019 (Covid-19) in Correctional and Detention Facilities;
- We updated our policies and procedures to include best practices for the prevention, assessment, and management of COVID-19, including the implementation of quarantine and cohorting procedures to isolate confirmed and presumptive cases of COVID-19, including medical isolation and the use of Airborne Infection Isolation Rooms;
- We ordered and received swab kits for COVID-19 from a national supplier, and we enacted quarantine and testing procedures for any employees who may have come into contact with any individual who has tested positive for COVID-19;
- In March 2020, we started procuring additional Personal Protective Equipment and began issuing it as clinically needed at facilities impacted by COVID-19;
- Over the course of April 2020, we coordinated with our government partners to distribute Personal Protective Equipment, including face masks to all staff, inmates, detainees and residents as a precautionary measure at all of our Federal Bureau of Prisons facilities, ICE Processing Centers, U.S. Marshals facilities, state correctional facilities, local correctional facilities and jails, residential reentry centers, and youth services residential facilities;
- We provided educational guidance to our employees and individuals in our care on the best preventative measures to avoid the spread of COVID-19 such as frequent and careful handwashing, avoiding touching areas of the face, including facial hair, avoiding individuals exhibiting flu-like symptoms, proper cough and sneeze etiquette, social distancing requirements and adjustments to laundry and meal schedules;
- We increased the frequency of distribution of personal hygiene products, including soap, shampoo and body wash and tissue paper, and we are ensuring the daily availability of bars of soap or soap dispensers at each sink for hand washing in all of our facilities;

- We advised our employees to remain home if they exhibit flu-like symptoms, and we have exercised flexible paid leave and paid time off policies to allow for employees to remain home if they exhibit flu-like symptoms or to care for a family member;
- We procured additional cleaning equipment and sanitation products that are proven healthcare grade disinfectants;
- We deployed specialized sanitation teams to sterilize high-contact areas at our facilities and have developed intensive schedules and procedures for the cleaning and disinfecting of facility spaces above and beyond normal cleaning activities;
- At every one of our facilities, we have worked closely with our government agency partners and local health officials to develop COVID-19 emergency plans and testing policies for the individuals in our care; and
- We engaged with our government agency partners to promptly suspend non-essential visitation at all of our facilities, and we have employed additional measures during the intake and entry process at all of our facilities to include screening specific to COVID-19, including temperature checks for all staff and any legally required visitors before entering our facilities, as well as, verbal medical screening questionnaires.

30. Appended to the Q1 2020 10-Q as exhibits were signed certifications pursuant to SOX by the Individual Defendants, attesting that “the information contained in the [Q1 2020 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

31. On June 1, 2020, GEO Group released a statement entitled “GEO Group Has Taken Comprehensive Steps to Address and Mitigate the Risks of COVID-19 to Those in Our Care and Our Employees.” The statement touted the Company’s response procedures to COVID-19, stating, in relevant part:

As the COVID-19 pandemic has impacted communities across the United States and around the world, our employees and facilities have also been impacted by the spread of COVID-19. Ensuring the health and safety of our employees and all those in our care has always been our number one priority. As a longstanding provider of essential government services, we have experience with the implementation of best practices for the prevention, assessment, and management of infectious diseases.

- All of our facilities operate safely and without overcrowded conditions.
- All of our facilities have access to regular handwashing with clean water and soap.

- All of our secure services facilities provide 24/7 access to healthcare.
- All of our U.S. Immigration and Customs Enforcement (“ICE”) Processing Centers typically have approximately double the number of healthcare staff, compared to state correctional facilities.
- Most of our facilities are equipped with Airborne Infection Isolation Rooms

32. Further, the statement touted a list of steps that the Company purportedly implemented at the outset of the global pandemic, including:

- We issued guidance to all our facilities, consistent with the guidance issued for correctional and detention facilities by the Centers for Disease Control and Prevention.
- We updated our policies and procedures to include best practices for the prevention, assessment, and management of COVID-19, including the implementation of quarantine and cohorting procedures to isolate confirmed and presumptive cases of COVID-19, including medical isolation and the use of Airborne Infection Isolation Rooms.
- We provided educational guidance to our employees and individuals in our care on the best preventative measures to avoid the spread of COVID-19 such as frequent and careful handwashing; avoiding touching areas of the face, including facial hair; avoiding individuals exhibiting flu-like symptoms; proper cough and sneeze etiquette; social distancing requirements; and adjustments to laundry and meal schedules.
- We increased the frequency of distribution of personal hygiene products, including soap, shampoo and body wash, and tissue paper, and we are ensuring the daily availability of bars of soap or soap dispensers at each sink for hand washing in all of our facilities.
- We deployed specialized sanitation teams to sterilize high-contact areas of our facilities and have developed intensive schedules and procedures for the cleaning and disinfecting of facility spaces above and beyond normal cleaning activities.
- We procured additional cleaning equipment and sanitation products that are proven healthcare grade disinfectants.
- We advised our employees to remain home if they exhibit flu-like symptoms, and we have exercised flexible paid leave and Paid Time Off policies to allow for employees to remain home if they exhibit flu-like symptoms or to care for a family member.
- We engaged with our government agency partners to promptly suspend non-essential visitation at all of our facilities, and we have employed additional measures during the intake and entry process at all of our facilities to include screening specific to COVID-19, including temperature checks for all staff and any legally required visitors before entering our facilities, as well as, verbal medical screening questionnaires.
- We ordered and received swab kits for COVID-19 from a national supplier, and we enacted quarantine and testing policies for any employees who may

have come into contact with any individual who has tested positive for COVID-19.

- At every one of our facilities, we have worked closely with our government agency partners and local health officials to develop COVID-19 emergency plans and testing policies for the individuals in our care.
- In March of 2020, we started procuring additional Personal Protective Equipment and began issuing it as clinically needed at facilities impacted by COVID-19.
- Over the course of April of 2020, we coordinated with our government agency partners to distribute Personal Protective Equipment, including facemasks to all staff, inmates, detainees, and residents as a precautionary measure at all of our Federal Bureau of Prisons facilities, ICE Processing Centers, U.S. Marshals facilities, state correctional facilities, local correctional facilities and jails, residential reentry centers, and youth services residential facilities.
- As a service provider, GEO has fully disclosed all information related to COVID-19 testing, cases, and fatalities to our federal, state, and local government partners, as well as state and local health officials, throughout the course of the pandemic.

33. The statements referenced in ¶¶ 19-32 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 Group maintained woefully ineffective COVID-19 response procedures; (ii) those inadequate procedures subjected residents of the Company’s halfway houses to significant health risks; (iii) accordingly, the Company was vulnerable to significant financial and/or reputational harm; and (iv) as a result, the Company’s public statements were materially false and misleading at all relevant times.

### **The Truth Begins to Emerge**

34. On June 17, 2020, during pre-market hours, *The Intercept* published an article entitled “GEO Group’s Blundering Response to the Pandemic Helped Spread Coronavirus in Halfway Houses.” The article reported details of a significant COVID-19 outbreak at the Grossman Center, a halfway house in Leavenworth, Kansas, operated by GEO Group—which

“was for weeks the hardest hit federal halfway house in the country” in terms of confirmed cases of COVID-19. Citing interviews with residents of the Grossman Center, *The Intercept* characterized GEO Group’s response as “blundering” and reported “that the virus spread not in spite of the facility’s efforts to contain it, but because of it.” According to the article, the Grossman Center continued to keep its residents in overcrowded conditions without enforcing personal protective measures even as COVID-19 diagnoses at the facility increased.

35. For example, the article referenced photos of men in a crowded bunk in which “some wore masks but most did not,” and suggested that:

Contrary to the claim that GEO Group was prepared from the outset to respond to the pandemic, one resident who arrived at the Grossman Center in March said the facility had done “absolutely nothing” to mitigate the virus, apart from suspending the 42-hour passes that allow residents to go see family, as ordered by the BOP. At one point, he said, “they taped up these benches and said that we had to sit, like, a certain distance apart from one another. ... But you have to understand, they have us in these units that are super small,” with a limited number of bathroom stalls, sinks, and showers. “So basically regardless of the protocols they try to do outside the unit, inside the unit, they literally have us shoved in on top of each other. So there’s really no way for us to have any type of distancing. It’s impossible.”

Further, the article cited reports that residents were kept in the same areas as residents who tested positive for the virus, and that residents had to clean their areas themselves upon being moved from dorm to dorm. In addition, the article indicated that members of the staff continued to work despite feeling ill, and that residents were being placed in the halfway house even after receiving instructions to self-quarantine. Finally, the article stated, in relevant part, that:

All of the residents told *The Intercept* that they were disturbed by the lack of urgency in providing medical care. “It’s pretty tough dealing with being so sick with Covid-19 in this facility because the people that run it have no concern for the fact that we’re actually sick,” one man said. “It’s just like statistical number processing.” Another resident called it worse than prison. “Mentally I’m going crazy,” they said. Despite the outdoor recreation area, they were not being allowed out for fresh air. “We’re in this room with only one window, and they have film over the window, so we can’t see outside.”

Today most of the people who spoke to The Intercept are no longer in the halfway house. The director has returned to work, and people are going back to work on the outside — although not at the Triumph plant. Otherwise, “it doesn’t seem like much has changed as far as their safety measures go,” one resident said.

36. On this news, GEO Group’s stock price fell \$1.03 per share, or 7.8%, to close at \$12.17 per share on June 17, 2020.

37. 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.

### **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

38. 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 Group 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.

39. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, GEO Group 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 Group 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.

40. 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.

41. 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.

42. 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 Group;
- whether the Individual Defendants caused GEO Group 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 Group 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.

43. 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.

44. 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 Group 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 Group 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.

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

46. 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**

#### **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)**

47. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

48. 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.

49. 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 Group securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire GEO Group 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.

50. 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 Group 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 Group's finances and business prospects.

51. By virtue of their positions at GEO Group, 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.

52. 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 Group, the Individual Defendants had knowledge of the details of GEO Group's internal affairs.

53. 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 Group. 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 Group'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 Group securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning GEO Group's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired GEO Group 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.

54. During the Class Period, GEO Group 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 Group 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 Group securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of GEO Group securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

55. 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.

56. 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)**

57. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

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

59. 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 Group's financial condition and results of operations, and to correct promptly any public statements issued by GEO Group which had become materially false or misleading.

60. 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 Group disseminated in the marketplace during the Class Period concerning GEO Group's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause GEO Group to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of GEO Group 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 Group securities.

61. Each of the Individual Defendants, therefore, acted as a controlling person of GEO Group. By reason of their senior management positions and/or being directors of GEO Group, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, GEO Group to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of GEO Group 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.

62. 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 Group.

#### **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.