



**COMPLAINT TO THE TEXAS STATE AUDITOR
REGARDING CONTRACTS BETWEEN
MANAGEMENT AND TRAINING CORPORATION AND
THE TEXAS DEPARTMENT OF CRIMINAL JUSTICE**

Submitted by

LatinoJustice PRLDEF

On

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INTRODUCTION

LatinoJustice PRLDEF (“LatinoJustice”) conducted a two-year investigation of the programming provided to people incarcerated by the Texas Department of Criminal Justice (“TDCJ”). That investigation revealed fraudulent conduct and pandemic profiteering by Management and Training Corporation (“MTC”), a private prison company that purported to provide programming to TDCJ. MTC failed to provide services mandated by contract and statute, then created fraudulent documents to make it seem as though it provided those services, and finally asked for and received payment for those services from TDCJ.

Most people granted parole in Texas must complete a “rehabilitation program” while incarcerated before being released on parole. MTC operates numerous programs throughout TDCJ, including the Gist State Jail,¹ the Glossbrenner Unit,² the Hamilton Unit,³ the Havins

¹ The Gist State Jail Contract provided by TDCJ is No. 696-PF-18-19-C160, attached hereto as **Exhibit A-1** (the “Gist Contract”). The Gist Contract identifies the program as the “State Jail Substance Abuse Treatment Program.” Gist Contract at C.1. A copy of the MTC Standard Operating Procedures (the “Gist SOP”) for this program is attached hereto as **Exhibit A-2**. The Gist SOP titles the program the “Gist – State Jail Substance Abuse Program (SJSAP).” Additional Invoices and amendments to the Gist Contract are attached hereto as **Exhibit A-3**.

² The Glossbrenner Unit Contract provided by TDCJ is No. 696-PF-18-19-C077, attached hereto as **Exhibit B-1** (the “Glossbrenner Contract”). The contract identifies the program as the “Substance Abuse Felony Punishment Facility (SAFPF)/In-Prison Therapeutic Community (IPTC) Substance abuse treatment program.” Glosbrenner Contract at B.1.1. A copy of the MTC Standard Operating Procedures for this program (the “Glossbrener SOP”) is attached hereto as **Exhibit B-2**. The Glossbrenner SOP identifies the programming at Glossbrenner as an SAFPF/IPTC (Substance Abuse Felony Punishment Facility/ In-Prison Therapeutic Community) and identifies it as a “Regular Needs” program (Exhibit B-2 at 108). Additional Invoices and amendments to the Glossbrenner Contract are attached hereto as **Exhibit B-3**.

³ The Hamilton Unit Contract provided by TDCJ is No. 696-PF-16-17-C101, attached hereto as **Exhibit C-1**. (the “Hamilton Contract”). The Hamilton Contract identifies the program as a “Driving While Intoxicated (DWI) Recovery Program” Hamilton Contract at B.1.1. A copy of the MTC Standard Operating Procedures for this program (the “Hamilton SOP”) is attached hereto as **Exhibit C-2**. The Hamilton SOP titles the program the “Hamilton Unit In-Prison DWI Recovery Program.” (Hamilton SOP No. 906AFRR.) Additional Invoices and amendments to the Hamilton Contract are attached hereto as **Exhibit C-3**. MTC operates both a DWI program and

Unit⁴ and the Halbert Unit.⁵ Most people who are taking these programs have already been granted parole and are required to complete the programs as a condition of their release.

The contracts require MTC to provide minimum hours of group therapy, individual one-on-one therapy, and other elements of a treatment program. These minimum standards are based in Texas law and documented in MTC's Standard Operating Procedures ("SOP"s). But starting in March 2020, the programs were nearly entirely shut down. Program participants received no counseling. They had no group therapy sessions. Sometimes they were given workbook pages and asked to complete them, but otherwise they were held in bunk rooms with 50 or more people. They were told that COVID-19 protocols prevented them from having counseling, but nothing prevented them from being housed in close quarters with dozens of others.

LatinoJustice's investigation has shown that programs were not shut down out of a risk that the participants would spread COVID-19. They were shut down because MTC realized it could make more money that way. Instead of in-person therapists, who must be paid, MTC gave incarcerated people workbook pages to fill out. The program designers had published protocols about how to provide the programs safely during the pandemic, but MTC ignored them. Documents show that most of the programs were understaffed for most of this period.

an IPTC program in the Hamilton Unit, but this was the only material provided by TDCJ in response to LatinoJustice's requests.

⁴ The Havins Unit Contract provided by TDCJ is No. 696-PF-18-19-C080, attached hereto as **Exhibit D** (the "Havins Contract"). The Havins Contract identifies the program as the "Substance Abuse Felony Treatment Program (SAFTP)/ In-Prison Therapeutic Community Program (IPTC)." Havins Contract at C.1.

⁵ The Halbert Unit Contract provided by TDCJ is No. 696-PF-18-19-C079, attached hereto as **Exhibit E** (the "Halbert Contract"). The Halbert Contract identifies the program as the "Substance Abuse Felony Treatment Program (SAFTP)/ In-Prison Therapeutic Community Program (IPTC)." Halbert Contract at C.1.

To pull off the scheme, MTC forced the people participating in the programs to falsify timesheets and report direct, in-person therapy that never happened. People were told that if they did not fill out the falsified timesheets, their parole would be revoked. They did so under duress.

While it created a fraudulent paper trail to hide the fact that it was breaching contracts, MTC collected millions of dollars for work it did not perform. From March 2020 through January 2022, TDCJ paid MTC over five million dollars just for the programs in the three units LatinoJustice investigated most closely: nearly \$2.5 million in the Glossbrenner Unit, over \$600,000 in the Gist State Jail, and nearly \$2 million in the Hamilton Unit. These funds were obtained through fraud.

Furthermore, individuals who were subjected to these programs filed grievances, appealed them, and were afforded no relief. To the extent that complaints to the TDCJ or the SAO are “administrative remedies as are available” under the Prison Litigation Reform Act 42 U.S.C. § 1997e(a), this complaint exhausts that remedy.

Over the course of its investigation, LatinoJustice conducted dozens of interviews with people who received programming from MTC in TDCJ units since March 2020. LatinoJustice submitted multiple public information requests and sued when TDCJ refused to respond. In litigation that is still ongoing, LatinoJustice received thousands of pages of documents and is awaiting a court decision that could provide thousands more. Four people have submitted declarations (attached to this complaint) describing the program content and the nature of MTC’s fraudulent conduct.

LatinoJustice submits this complaint pursuant to Section 321.0136 of the Texas Government Code and requests that the State Auditor’s Office conduct an investigation as provided by the contracts.

FACTUAL BACKGROUND

More than Half of All People Granted Parole are Required to Complete a Program

1. Texas law permits some people who have been convicted of criminal offenses to serve a portion of their term outside of prison on parole after they have been individually evaluated and a panel of the Board of Pardons and Paroles (the “Board”) has determined that they pose a low risk to the community. Tex. Gov. Code § 508.001(6).
2. The Board, an independent body made up of appointees of the governor with the advice and consent of the senate, makes an individual determination on each application for parole. Tex. Gov. Code § 508.031 and § 508.0441.
3. A panel of the Board may vote to grant parole to an individual only when its members believe that the individual is able and willing to fulfill the obligations of a law-abiding citizen and that the individual’s release will not increase the likelihood of harm to the public. Tex. Gov. Code §§ 508.141(d), (e)(2).
4. As a condition of parole, the Board may require that a person take part in a Pre-Release Program provided by the Rehabilitation Programs Division of TDCJ (“RPD”) while the person is still incarcerated in a TDCJ unit.
5. Most individuals approved for parole must complete a Pre-Release Program in a TDCJ prison before being released. From September 1, 2020 through August 31, 2021, nearly 60% of all grants of parole required a Pre-Release Program.⁶

Texas Law Sets Minimum Standards for TDCJ Programming

6. Once a panel of the Board has voted to require a Pre-Release Program, that person “shall be placed in a treatment program consistent with that vote.” 37 Tex. Admin. Code § 145.12(6).

⁶ Texas Board of Pardons and Parole FY 2021 Annual Report, https://www.tdcj.texas.gov/bpp/publications/FY_2021_Annual_Statistical_Report.pdf at 11.

7. State law requires TDCJ to set forth the criteria for all programming in a Comprehensive Re-entry and Reintegration Plan, and to evaluate that plan every three years. Tex. Gov. Code § 501.092.
8. Programs provided through the Comprehensive Re-entry and Reintegration Plan must address the assessed needs of offenders, be implemented by highly skilled staff, provide individualized case management, and provide appropriate treatment programs, including substance abuse and mental health treatment programs. Tex. Gov. Code §§ 501.092(b)(2), (g)(1), (g)(2)(A), (g)(2)(E).
9. In addition, state law requires that In-Prison Therapeutic Communities (“IPTC”) contain highly structured work, education, and treatment schedules, a clearly delineated authority structure, and well-defined goals and guidelines. Tex. Gov. § 501.0931(e).
10. State law requires that TCDJ establish and submit individual treatment plans to the Board at the time of the Board’s consideration of the individual’s case for release. Tex. Gov. § 508.152(b)(1)(2).

Texas Spends Tens of Millions of Dollars on In-Prison Programming, Including by Contracting with MTC, a Private Prison Company with a History of Fraud and Abuse

11. In the FY 2022–23 budget, TDCJ requested \$66 million for In-Prison Substance Abuse Treatment and Coordination programs, including \$41,458,030 for the In-Prison Therapeutic Communities.⁷
12. The private prison company Management and Training Corporation (“MTC”) conducts much of the programming in TDCJ units. MTC currently holds seventeen active contracts with

⁷ See FY 2022-2023 Legislative Appropriations Request, at 172, https://www.tdcj.texas.gov/documents/bfd/FY_2022-23_LAR.pdf

TDCJ, worth over \$100 million per year.⁸

13. MTC has a history of being investigated and sued for fraud, mismanagement, and abuse towards those whom it imprisons or treats. Since 1995, MTC has paid approximately \$17.8 million in contractual penalties alone.⁹
14. Even more, it has been sued and prosecuted for violating people's constitutional rights, for bribing state officials, and for charging correction systems for "ghost workers" whom MTC never hired.
15. In 2005, MTC was sued by those incarcerated in the Santa Fe County Jail for conducting unlawful strip searches, and eventually paid eight million dollars.¹⁰
16. In 2017, the state of Mississippi sued MTC and others for bribing state officials to obtain contracts worth over \$114 million with Mississippi Department of Corrections.¹¹ MTC settled with the state and agreed to pay \$5.2 million in damages.¹²
17. In 2017, MTC employees sued the company for failing to pay overtime and other labor violations; MTC eventually paid \$3.5 million to settle the case. Several MTC employees in California brought a federal class action lawsuit against MTC for failing to pay their employees overtime wages, failing to provide their employees with meal breaks or rest

⁸ See TDCJ, Business and Finance Division, Contracts and Procurement Department, https://www.tdcj.texas.gov/divisions/bfd/contracts_current_docs.html.

⁹ See Project on Government Oversight, Federal Contractor Misconduct Database, [Management and Training Corporation](#).

¹⁰ *Leyba v. Santa Fe County Board of Commissioners*, No. 05-cv-0036-BD/ACT (D. N.M. Jan. 12, 2005). Michael Rigby, "[Illegal Strip Searches Cost MTC, New Mexico County \\$8.5 Million](#)," Prison Legal News, January 15, 2007.

¹¹ *Hood ex rel. Mississippi v. Management and Training Corporation, et al.*, No. 17-cv-00084-WAG (Miss. Cir. Ct. Feb. 8, 2017).

¹² Emily Wagster Pettus, "[\\$27 Million Recovered from Contractors in Epps Prison Bribery Case, AG Says](#)," The Clarion Ledger, Jan. 24, 2019.

periods, and failing to provide accurate wage statements.¹³

18. In 2010, a person who had escaped from an MTC-operated prison in Kingman, Arizona murdered a retired couple.¹⁴ The subsequent investigation by the State Department of Corrections found over a decade of fraud, waste, and abuse by MTC.¹⁵ Included in the many long-standing and widespread failures identified by the Arizona DOC was a failure to staff substance abuse programs properly.¹⁶
19. MTC also operated the notorious Willacy County Correctional Institution in Texas, which served as an immigration detention center until ICE cancelled the contract because of widely-reported abuse.¹⁷ After ICE cancelled its contract with MTC, the facility re-opened as a federal prison where “men spen[t] their days in squalid and cramped living quarters, without jobs or educational programming to occupy them,”¹⁸ until the conditions led to a riot that left the facility “uninhabitable.”¹⁹
20. In 2019, after a corrections officer in an understaffed MTC prison in Louisiana was beaten unconscious, investigators found that MTC had failed to pay nearly eight million dollars in contractual penalties for its understaffed prisons.²⁰ A Mississippi court recently ordered

¹³ See *Lopez v. Mgmt. & Training Corp.*, No. 17-cv-01624 (S.D. Cal., Aug. 11, 2017), Doc. 51 (approving class settlement).

¹⁴ Associated Press, “[Inmate Convicted of Killing Retired Couple while on the Lam](#)” *USA Today*, Oct. 7, 2013.

¹⁵ Arizona Department of Corrections, [ASP Kingman Assessment](#), August 6, 2010.

¹⁶ *Id.* at 2–3.

¹⁷ Matthew Clarke, “[Private Prison in Texas close after Riot Renders it Uninhabitable](#),” *Prison Legal News*, Dec. 2016.

¹⁸ American Civil Liberties Union “[Warehoused and Forgotten: Immigrants Trapped in Our Shadow Private Prison System](#),” June 2014, at 82.

¹⁹ Sarah Childress, “[‘Predictable’ Riot at Texas Prison Followed Years of Complaints](#),” *Frontline*, February 25, 2015

²⁰ Alysia Santo and Joseph Neff, “[No-Show Prison Workers Cost Mississippi Taxpayers Millions](#),” *The Marshall Project*, December 9, 2020.

additional documentation regarding MTC's operation of private prisons in Louisiana be made public in the ongoing investigation.²¹

MTC'S OBLIGATIONS UNDER THE CONTRACTS

21. MTC has contracted with TDCJ to provide in-prison programming to people who have been granted parole. These contracts include specific minimal requirements that MTC must meet to implement the state law's mandate that programs be highly structured and meet the needs of participants.
22. While MTC's obligations differ in certain regards (for example, in the type of program offered), MTC is required to meet certain core standards for all of them.
23. For example, in all units, MTC must provide a program that supports the goals of treatment and recovery and is designed to meet individualized needs. Gist Contract, C.3; Hamilton Contract C.3.1; Glossbrenner Contract C.3.
24. MTC must use specific curriculums for the programs, including the *Commitment to Change* series and Hazelden Publishing's *Living in Balance* series. Gist Contract C.3.1; Glossbrenner Contract C.4.B.2.
25. While programs run by TDCJ or the Windham School District can run hundreds of pages long, the curriculum for the IPTC/SAFPF program is less than half a page long and simply references the materials from Hazelden and other publishers.²²
26. MTC must maintain a ratio of clients to counselors of 25:1 or fewer. Gist Contract C.7; Gist SOP 906CS; Hamilton Contract C.6.A; Glossbrenner Contract C.9.
27. For each program, MTC must provide either fifteen or twenty hours of "treatment delivered

²¹ See Mississippi Center for Justice, "[Court Orders MDOC to Disclose Records to Journalists Investigating Private Prison Corruption in Mississippi](#)," March 18, 2021.

²² See Curriculum for IPTC/SAFPF Program, attached as **Exhibit F**. The curriculum for the CHANGES program, for example, has seven modules, each over 150 pages long.

through Clinical Groups and individual sessions” in which MTC staff must actively participate every week. Gist Contract C.3.1.C.1 and 2; Gist SOP 906EDLSRS; Hamilton Contract C.3.2.A; Glossbrenner Contract C.4.2.

28. MTC must provide each program participant with at least one individualized counseling session per month. This session must be at least fifty minutes long. Gist SOP 906ICS; Hamilton Contract C.3.2.C.2; Glossbrenner Contract C.4.2.D.
29. In the Gist State Jail program, MTC must also provide a counseling session to review the client’s individual treatment plan each month. This review session is separate and apart from the individual counseling session. Gist Contract C.3.2.B.1; Gist SOP 906ITPR.
30. The individual contracts also specify additional required elements to each of the programs. For example, MTC must provide family education and study groups in the Hamilton DWI program. Hamilton Contract C.3.2.C.1. And at the Glossbrenner Unit, MTC must provide programming in a Therapeutic Community Model, a 24-hour living environment that provides a “close working relationship among treatment staff and correctional staff” in which those in the program are “treated as responsible members of the community” and “enhanced by vocational training” and support communities. Glossbrenner Contract C.4.1.A–C.
31. All of the contracts provide that fraud, waste, or abuse may be reported to the State Auditor’s Office. Gist Contract E.6; Glossbrenner Contract E.6; Hamilton Contract E.6

MTC BREACHED CONTRACTS AND BROKE STATE LAW

MTC Stopped Providing Services in March 2020

32. On March 24, 2020, the press reported the first case of COVID-19 in the TDCJ system.²³
33. TDCJ ceased in-person visitations and limited prisoner transfers between units in early 2020,

²³ Jolie McCulloch, “[Coronavirus Hits Texas Prisons with First Inmate Case Confirmed](#),” Texas Tribune, March 24, 2020.

a process that introduced significant delays in the placement of people who had been granted parole into their pre-release programs.

34. As early as June 2020, there were reports that pre-release programs were delayed because transfers had been limited, and that the programming that was going on did not involve in-person classes but “paperwork underneath the door” because of a counselor shortage.²⁴
35. When told that the programs had been curtailed, one state legislator expressed little concern, stating, “that’s the program. You just do the program.”²⁵
36. But reports of sporadic counselor shortages leading to occasional cancellation of therapy sessions turned out to be a severe understatement.

When MTC Resumed Programming It Stopped Providing Mandated Services

37. Interviews with dozens of people who went through MTC-operated programs demonstrates that the company simply cut those portions of the program that required it to deploy staff or make expenditures aside from the costs of paper workbooks.
38. MTC did not provide the twenty hours of required direct programming each week as required by contract.
39. MTC did not provide the additional one-on-one therapy sessions required by contract.
40. The content and operations of the programs differed slightly from unit to unit, but they shared components across multiple units: minimal contact with counselors and requirements to fill out paperwork on topics they had not previously discussed or been taught.
41. In the Havins Unit, where Christopher Crain took an MTC program in 2021, the program participants were given workbooks to fill out in the bunk room. They would meet in groups

²⁴ Jolie McCulloch, “[The coronavirus is keeping Texas prisoners who've been approved for parole behind bars.](#)” Texas Tribune, July 23, 2020.

²⁵ Jolie McCulloch, “[Many Texas prisoners have been approved for parole but can't walk free yet. Advocates say coronavirus should change that.](#)” Texas Tribune, April 14, 2020.

Tuesdays and Thursdays when a group of participants would “discuss the worksheets with a counselor.”²⁶ That one-hour meeting, two times a week, was the only session where an MTC employee was present and participating.

42. Even though MTC was required to provide twenty hours of direct programming every week, aside from the two hourlong sessions, participants “did not have any additional therapeutic sessions and we did not have any other group sessions at which MTC employees were active and participating during this period.”²⁷
43. In the Gist State Jail, where Joshua Ladd took an MTC-operated program in 2020, the program lacked even those two one-hour meetings. Instead, over the course of an eight-month program, Mr. Ladd participated in no more than eight to ten group therapy sessions.²⁸
44. Instead, participants spent “nearly all the time” in the bunk room. People were provided with “workbooks that had some information in them, told to read a few specific pages, then asked to fill out the worksheets based on what was in the workbook.”²⁹
45. In the Hamilton Unit, where Nicholas Huddleston took an MTC-operated program in 2021, people would be brought to the day room, where each individual was provided three to five-page worksheets to fill out. MTC also provided between five and ten workbooks for the men to share. The men would bring the workbooks back to the bunk room and hunt through them for the answers to the worksheets, which they would then turn in.³⁰
46. In Hamilton, the entire group was broken into smaller groups when they went to get the

²⁶ See **Exhibit G**, Declaration of Christopher Crain, Nov. 11, 2022 (“Crain Dec.”), ¶ 13.

²⁷ Crain Dec. ¶ 14.

²⁸ See **Exhibit H**, Declaration of Joshua Ladd, Nov. 6, 2022 (“Ladd Dec.”), ¶ 17.

²⁹ Ladd Dec. ¶¶ 17–18.

³⁰ See **Exhibit I**, Declaration of Nicholas Huddleston, Nov. 14, 2022 (“Huddleston Dec.”), ¶¶ 21–23.

worksheets. Most of the time, there were no counselors involved in this process at all.

Approximately one day in four, a counselor would be present in the day room, and the group that had arrived would stay in the day room for an hour with the counselor. None of these sessions lasted more than an hour.³¹

47. It is not clear what workbooks MTC used during these programs. The curriculum requires that it use the Hazelden program *Living in Balance* and the FMS Productions program *Commitment to Change*. But program participants were shown the materials for these programs and stated that they did not look familiar. One participant identified a different Hazelden program, *Introduction to Treatment*.³²
48. Participants reported minor differences in the programs: some would receive a complete workbook, with worksheets at the end of each chapter. In others, people would be given worksheet pages and told to share physical workbooks.
49. All the participants agreed that the worksheet assignments took only a few minutes to write. Some participants noted that not everyone turned in or even completed the assignments. Others reported that some people wrote “sarcastic or ridiculous” responses, and they received no comments or feedback.³³
50. In addition, no participant reported receiving the required one-on-one individual session every thirty days. Some people reported receiving one hour-long session during their program.³⁴ Others reported having a 10-15 minute session when they moved from one “phase” of the program to another.³⁵ Even those sessions that did take place were recorded as

³¹ Huddleston Dec. ¶ 36.

³² Huddleston Dec. ¶ 22.

³³ See Crain Dec. ¶¶ 17–18, Ladd Dec. ¶¶ 12–13, Huddleston Dec. ¶ 23.

³⁴ Crain Dec. ¶ 20.

³⁵ Ladd Dec. ¶¶ 15–16.

taking longer than they did.³⁶ One participant stated that she never met with her assigned counselor, whom she was told had not come to work in months.³⁷

51. Individuals enrolled in the program reported that the client-to-facilitator ratio in group therapy sessions was not capped at 25 to 1, because in most cases, the group therapy sessions did not take place at all.
52. The workbook program was not a pandemic response, but a financial one. Hazelden released a guide for practitioners on how to implement the programs under pandemic conditions.³⁸ The guide does not claim that the program can be implemented solely by handing out individual worksheet pages.
53. In May 2021, some units began hold bunk room sessions which involved counselors but did not meet MTC's contractual obligations.³⁹
54. In the bunk room sessions, a single counselor would visit a bunk room where sixty or more people were present and deliver a lecture that could only be heard by those nearest the door.⁴⁰
55. The residents would not leave their bunks, and the counselor would not enter the room. No efforts were made to make these counselor-led lectures audible to more than a few of the sixty people in the room.⁴¹
56. These sessions were delivered to crowds of sixty people, more than double the number allowed under the contract for one counselor.⁴²
57. Recent interviews with people participating in MTC-operated programs have reported that

³⁶ Ladd Dec. ¶ 16.

³⁷ See **Exhibit J**, Declaration of Kathryn Theune, October 18, 2022 ("Theune Dec.") at ¶ 14.

³⁸ See **Exhibit K** "Enhancing Care Through Virtual Visits," Hazelden BettyFord, 2020.

³⁹ Crain Dec. at ¶ 24.

⁴⁰ Crain Dec. at ¶¶ 24–26.

⁴¹ Crain Dec. at ¶¶ 26–28.

⁴² Crain Dec. at ¶ 24.

even in October 2022, MTC is not meeting its contractual obligations.

58. Kathryn Theune is currently incarcerated in the Halbert Unit, where she is participating in an MTC-run program.⁴³
59. Currently in the Halbert Unit, sixty-eight women are housed in each bunk room. The “programming” takes place in the day room but involves no contact with counselors.
60. In the morning, usually for one hour, one group of women are brought to the day room where they are watched over by guards for one hour. No counselors are present.
61. Later in the day, the entire cohort is required to go to the day room, where they sign in on sheets confirming they participated in programming. But once they have signed in, the women are told to break into four groups. Each hour, one group stays in the day room while the others return to the bunk room.⁴⁴
62. During this hour, no MTC counselor is present and participating in the sessions. Instead, the sessions are supposedly moderated by people in the program who are selected by MTC staff. Thus, each person has one peer-led group session each day, but no time where MTC staff is present and actively participating.⁴⁵
63. There are no individual counseling sessions. In fact, the person that Ms. Theune was told is her counselor has not been at the unit since Ms. Theune arrived.⁴⁶
64. In addition, those who were enrolled in the programs reported that they were not offered any of the additional required elements of the programming: none reported being offered family counseling, sponsorship programs, or other contractual requirements of MTC.

⁴³ Theune Dec. at ¶¶ 1–5.

⁴⁴ Theune Dec. at ¶¶ 9–12.

⁴⁵ Theune Dec. at ¶¶ 11, 16.

⁴⁶ Theune Dec. at ¶ 11.

65. Moreover, those who completed the program not released in a timely manner.⁴⁷ Mr. Huddleston remained incarcerated for over a month after having successfully completed his programming.⁴⁸ Ms Theune reports multiple instances of people being detained for extended periods after finishing their programming.⁴⁹ Some program participants were transferred to other units instead of being released after successfully completing the program.⁵⁰

MTC FALSIFIED DOCUMENTS AND SUBMITTED FRAUDULENT INVOICES

MTC Required Program Participants to Submit False Records or have Parole Revoked

66. MTC compelled those taking its programs to submit falsified timesheets under duress by threatening them that if they did not, they would be disciplined up to and including revocation of parole.
67. Program participants are required to document the hours of “Direct Programming” (that is, in-person group therapy sessions in which MTC employees actively participate, as the contracts require) and “Indirect Programming” (such as family meetings or chapel) that they receive each week.
68. They document these hours on a timesheet called a “Weekly Summary Progress Note,” then turn that timesheet in to an MTC counselor, who may write a statement on behalf of MTC on the Progress Note.
69. As multiple people who have gone through the programs have told LatinoJustice, these timesheets do not reflect actual time spent by MTC counselors with program participants. Instead, they were filled out under duress by people who were told they may lose their parole

⁴⁷ Huddleston Dec. ¶¶ 41–44; Theune Dec. at ¶¶ 18–24

⁴⁸ Huddleston Dec. ¶¶ 44.

⁴⁹ Theune Dec. ¶ 19.

⁵⁰ Theune Dec. ¶¶ 21–24.

if they did not collaborate with MTC on its scheme.⁵¹

70. MTC staff posted completed samples of the timesheets in the day rooms of the units and directed each program participant to fill out the timesheet in the same way.⁵²
71. MTC staff threatened the program participants filling out the timesheets that if they did not fill them out according to the posted models, they would have their parole revoked and be returned to TDCJ units.⁵³
72. MTC directed program participants to falsify the timesheets in three ways.
73. First, MTC required people to inflate the hours of sessions that had actually taken place. While Huddleston reported that there were instances in which a counselor would lead a one-hour session in the day room, the program participants were forced to record this one hour as four hours of “Direct Treatment” on their timesheets.⁵⁴ And Christopher Crain was directed to record a one-hour therapy session as taking two hours on his timesheet.⁵⁵
74. Second, MTC directed program participants to document up to four hours a day of “Alternative Treatment” when in fact they had simply completed fifteen minutes or so of workbook assignments. Mr. Crain was forced to document such treatment in late March and early April.⁵⁶
75. As another example, on Joshua Ladd’s June 15–21, 2020 timesheet, four hours of “Alternative Treatment Program” are recorded for each day, and an entry reads: “Offender began receiving direct contact again this week, offender was given daily handouts for group

⁵¹ Ladd Dec. ¶¶ 40–41; Huddleston Dec. ¶¶ 33–35; Crain Dec. ¶¶ 14–15.

⁵² Huddleston Dec. ¶ 39.

⁵³ Ladd Dec. ¶ 32.

⁵⁴ Huddleston Dec. ¶ 36; Ex. I-1 at 10–13.

⁵⁵ Crain Dec. ¶ 20.

⁵⁶ Crain Dec. ¶¶ 14–16.

assignments that they completed and discussed in groups of 22 during group hours.”⁵⁷ This was not true because the assignments took only minutes and they were not discussed.⁵⁸

76. A third type of fraudulent timesheet was used after MTC began to re-introduce counselors into the bunk room sessions discussed above.
77. MTC required program participants to document these bunk room sessions as “direct treatment.” Christopher Crain was forced to document five one-hour bunk room lectures as twenty hours of “Direct Treatment.”⁵⁹

MTC Submitted Invoices Based on the Fraudulent Timesheets and Received Millions from TDCJ

78. Throughout this period, MTC continued to invoice TDCJ under the contracts to provide programming.
79. From April 2020 through January 2022, TDCJ paid MTC approximately \$2,496,877 under the Gist Contract, \$656,454 under the Glossbrenner contract, and \$1,896,451 under the Hamilton Contract.⁶⁰
80. The invoices submitted by MTC show that the units were understaffed and that, even if classes had been taking place, counselors would not have been able to meet their caseload requirements. For example, from January through May of 2021, the Glossbrenner Unit had a counselor shortage, resulting in a withholding of about \$86,000 by TDCJ. But even after the withholding, TDCJ paid over \$500,000 during these five months.⁶¹
81. During this period, as described above, the counselors that were present were not providing the direct programming required by contract and were forcing the program participants to fill

⁵⁷ Exhibit H-1 at 6.

⁵⁸ Ladd Dec. ¶¶ 37–38.

⁵⁹ Crain Dec. ¶ 28.

⁶⁰ See Exhibits A-3, B-3, C-3.

⁶¹ Exhibit G-1 at 11.

out fraudulent timesheets documenting work that was never performed.

82. Likewise, the Hamilton Unit had a counselor shortage from February 2021 through at least January 2022. And even though TDCJ withheld a total of \$275,000 because MTC had not staffed positions it was required to fill under the contract, TDCJ still paid over \$930,000 during this period, a period in which multiple participants have informed LatinoJustice that no programming, or next-to-no programming, was taking place.⁶²
83. Invoices from the Gist State Jail program suggest that the jail was overcrowded even as the programming was curtailed or eliminated. Based on the number of “man-days” reported on the invoices, the daily average of program participants from March 2020 until July 2020 was 114 or 115, in a jail with a population capacity of 116. But there are no withholdings during this period for excess caseloads or for failure to hold group therapy sessions, even though no group sessions were provided.⁶³
84. The Gist State Jail did not report staffing shortages until May 2021, and even from May 2021 until January 21, 2022, TDCJ withheld a little over \$21,000 for staffing shortages but paid MTC over \$240,000 for services that MTC did not render during that period.⁶⁴
85. The invoices make clear that MTC engaged and continues to engage in a fraudulent scheme. Collecting money for services that aren’t being provided is lucrative even with the penalties for staffing shortages. And the shortages that were reported to TDCJ were not as severe as reporting from inside the units suggests. The SAO should also investigate whether MTC has been concealing the scope of its understaffing.

⁶² Ex. C-3, pages 530–588.

⁶³ Ex. A-3, pages 312–335.

⁶⁴ Ex. A-3, pages 374–418.

TDCJ IS CONCEALING DOCUMENTS THAT WOULD SHOW WHAT IT KNEW

86. LatinoJustice began this investigation by filing a number of public information requests to TDCJ seeking information on its programming in general, and the changes in programming that were implemented in 2020 in particular.
87. Initially, TDCJ failed to provide thousands of pages of responsive documents. In July of 2021 LatinoJustice sued TDCJ, seeking production of the missing materials. *See LatinoJustice v. TDCJ*, D-1-GN-003293 (Travis Cnty. July 13, 2021).
88. In the course of that litigation, TDCJ eventually produced many of the documents that LatinoJustice had been seeking, but it refused to provide two categories of documents: any TDCJ orders relating to the administration of programming in TDCJ Units since March 2020, and any communications with vendors such as MTC regarding a change in the manner of programming offered.
89. These documents remain the subject of litigation. If produced, they could demonstrate the extent to which TDCJ was aware of the fraud that MTC was committing.
90. For example, if these communications show that TDCJ was aware of MTC's cuts in services, but that it did not demand a reduction in what it had to pay, then TDCJ bears responsibility for the fact that MTC charged for services never provided.
91. But if TDCJ was unaware that MTC was cutting sessions and forcing people to submit fraudulent timesheets, then it is less likely to be culpable for MTC's conduct.
92. Of course, no orders from TDCJ could excuse MTC's fraud. While each of the contracts has a Force Majeure provision that can excuse performance in the event of an unforeseen catastrophe, MTC would not be allowed to continue to collect on contracts when it was not performing.

93. While the contracts allow for MTC to provide “written requests for deviations” from the contracts, they do not permit TDCJ to waive contractual obligations for years and continue to pay MTC the full value of the contracts.⁶⁵
94. And in any event, TDCJ has no authority to allow MTC to provide programming that does not meet the state requirements set forth above.
95. LatinoJustice will continue to seek disclosure of the records that will demonstrate what TDCJ knew about MTC’s fraud.

THE AUDITOR SHOULD INVESTIGATE MTC FOR FRAUD

96. MTC failed to provide required services to people incarcerated by TDCJ. It did so in violation of state law and in breach of its contractual obligations.
97. MTC made people who were in the programs fill out and submit fraudulent timesheets. People were told that if they did not fill out the timesheets fraudulently, they would be punished, including by having their parole revoked.
98. MTC submitted documentation to TDCJ to receive payment for the services that were never provided. The documentation submitted to TDCJ by MTC was false in material respects, and MTC knew that it was false when it submitted the documentation to TDCJ.
99. Relying on the accuracy of documentation provided by MTC, TDCJ paid MTC under the contracts for work that in fact had not been done.
100. Through this scheme, MTC induced TDCJ and Texas taxpayers to pay millions of dollars for work never performed under its contracts with TCDJ to provide pre-release programming, as set forth above.
101. MTC failed to provide the required fifteen or twenty hours of direct programming, and in the

⁶⁵ Gist Contract at C.2; Hamilton Contract at C.14.C; Glossbrenner Contract at C.2

programming it did provide, MTC staff were not present and participating, as required by law and contract. It appears that in some units MTC continues to provide the programming in this manner today.

102. MTC failed to provide the individual therapy to people who were in the programs.
103. MTC continues to operate these programs without sufficient staff and without including required elements to the programs. It does so not out of any health concerns but simply because it can make more money that way.
104. LatinoJustice has submitted materials in support of this complaint that should provide the State Auditor's Office with sufficient information to conduct an investigation into this fraud. LatinoJustice is available to speak with the auditor's office regarding its investigation, and to provide additional information not set forth in this complaint.
105. LatinoJustice therefore respectfully requests that the Texas State Auditor conduct an investigation pursuant to Section 321.0136 of the Texas Government Code of all of the pre-release programming contracts that MTC holds with TDCJ to determine the scope and extent of MTC's fraudulent practices.

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Respectfully submitted,

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