As the costs of police misconduct rise, cities and counties across the United States are going into debt to pay for it. Often this debt is in the form of bond borrowing. When cities or counties issue bonds to pay these costs, banks and other firms collect fees for the services they provide, and investors collect interest. The use of bonds to pay for settlements and judgments greatly increases the burden of policing costs on taxpayers, while producing a profit for banks and investors. Using bonds to pay for settlements or judgments can nearly double the costs of the original settlement, and all of this is paid for by taxpayers.

We call the bonds used to cover police related settlement and judgment costs “police brutality bonds”, because they quite literally allow banks and wealthy investors to profit from police violence. This is a transfer of wealth from communities —especially over-policed communities of color— to Wall Street and wealthy investors.

LAKE COUNTY’S POLICE BRUTALITY BONDS

Lake County has a long history of issuing municipal bonds to pay for settlements and lawsuits against the county and its offices, including the Lake County Sheriff’s Department and Lake County Jail, since at least 1995. Since then, Lake County has issued nearly $24 million in Judgment Obligation Bonds, $18.1 million of which has been issued since 2008. We found:

- At least $11.8 million of the borrowed money went to cover settlements and judgments in cases involving the Lake County Jail and Sheriff’s Department. This is a conservative estimate and includes only cases we were able to confirm were related to the Sheriff’s Department or the jail.

- By the time the existing Judgment Obligation Bonds reach maturity in the year 2025, investors will have collected about $1.8 million in interest from taxpayers.
Banks profiting from their services on Lake County’s police brutality bonds include Fifth Third Bank, Piper Jaffray, and others. Underwriters and other firms collected more than $1.13 million in issuance fees in connection with these bonds. See the methodology section of our full report for more details on our numbers.

The settlements and judgments covered by Lake County’s police brutality bonds include cases involving inadequate and negligent medical care in the Lake County Jail, brutal and at times fatal use of force, inhumane living conditions, wrongful arrests, and other civil rights violations. These settlements include:

- $4.2 million to settle a federal lawsuit involving the jailhouse death of 43-year-old Kenneth Hobson. Hobson was arrested for a misdemeanor offense and transferred to the Lake County Jail. Hobson was mentally ill and his symptoms prevented him from being able to drink the tap water in the jail. In her lawsuit, Hobson’s mother Dorothy alleged that the jail denied her son medical care and bottled water”, which resulted in his death from dehydration.

- $310,000 total in settlement awards to family of Ricardo Diaz, who was shot to death by Lake County and Hobart police officers responding to a distress call.

- $635,000 total in two settlements involving two separate wrongful arrest cases.

The County has also spent at least $25.2 million thus far to comply with a 2009 consent agreement with the Department of Justice after a DOJ investigation found rampant civil rights violations in the jail.

**RECOMMENDATIONS:**

Police violence should never be a source of profit for banks or investors, or a reason we do not have the resources we need to invest in the infrastructure and services that make our communities safer and more livable. We need to dismantle this system of policing and build a justice system that prioritizes the needs and well-being of all people. While we work toward that, here are our key recommendations:

1. **If cities must borrow to pay for settlements and judgments, banks and investors should not be allowed to profit from that.**

2. **Police officers must be forced to take out individual liability insurance policies to cover the costs of settlements and judgments caused by their misconduct.**

3. **Governmental bodies at the local, state, and federal levels must account for and provide full transparency about which officers are behaving in ways that lead to settlements, how they are or are not being held accountable, who is paying for it and how, and who is profiting.**

Please see ACRE’s full report “Police Brutality Bonds: How Wall Street Profits from Our Abusive Policing System” available at https://www.acrecampaigns.org/