

April 12, 2011

Paul C. Besozzi
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VIA ELECTRONIC FILING

Docket No. 11-00052

Chairman, Tennessee Regulatory Authority
c/o Sharla Dillon, Dockets and Records Manager
460 James Robertson Parkway
Nashville, Tennessee 37243

filed electronically in docket office on

04/13/11

Re: Application for Expedited Approval for an Indirect Transfer of Control

Dear Ms. Dillon:

Enclosed herewith is a request by Securus Technologies, Inc. ("STI"), Securus Holdings, Inc. ("SHI"), and Connect Acquisition Corp. ("Connect") for approval, on an expedited basis, of the indirect transfer of control of STI through a merger transaction involving its current indirect parent SHI and Connect.

An original and four copies of this application, along with the filing fee, will be submitted via mail.

Sincerely,


Paul C. Besozzi

cc: James A. DeLanis

Enclosures

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

Application of Securus Technologies,)
Inc., Securus Holdings, Inc.)
And Connect Acquisition Corp.)
For Expedited Approval of the)
Indirect Transfer of Control of)
Securus Technologies,)
Inc. To Connect Acquisition Corp.)
)
April 12, 2011)

Case No. _____

APPLICATION

Comes now Securus Technologies, Inc. ("STI"), Securus Holdings, Inc. ("SHI"), and Connect Acquisition Corp. ("Connect"), acting through counsel and in accordance with Section 65-4-113 of the Tennessee Code and subsequent Orders issued by the Commission interpreting this provision, to request approval, on an expedited basis, of the indirect transfer of control of STI through a merger transaction involving its current indirect parent SHI and Connect as described below.

I. BACKGROUND

1. STI is authorized by this Commission to provide inmate telephone services throughout the State. See Order dated August 10, 1999 in TRA Docket No. 99-00502. Pursuant to that authorization STI is currently serving a number of confinement facilities throughout the State.¹

¹ STI is the former Evercom Systems, Inc. ("ESI"). The Commission was informed of ESI's change in name to STI by letter dated October 20, 2010.

2. STI is a privately held and wholly-owned subsidiary of Securus Technologies Holdings, Inc. ("STHI"), which is a State of Delaware corporation. STHI is in turn a wholly-owned subsidiary of SHI, also a Delaware corporation. SHI is, in turn, a subsidiary of STI Technology Holdings, LLC ("STITH"). STHI, SHI and STITH are not providers of telecommunications services in the State of Tennessee or elsewhere.

3. The ultimate controlling interest in STI is held by H.I.G.-T-NETIX, Inc. ("HIG"), through its controlling interests in STITH. HIG is itself an affiliate of H.I.G. Capital, LLC ("HIGC"), a Miami-based private equity firm. The Commission previously approved HIG's acquisition of ultimate control of STI in TRA Docket No. 04-00218

4. Connect is a newly formed State of Delaware corporation, established for purposes of the contemplated transaction.

II. DESCRIPTION OF THE PROPOSED TRANSACTION

5. **General Description of Merger Agreement** – SHI has entered into an Agreement and Plan of Merger, dated April 8, 2011 among (a) Connect, (b) Connect Merger Corp. ("Connect Merger Sub"), and (c) STITH ("Merger Agreement"). A more detailed description of the terms of the Merger Agreement is set out below, but upon the completion of the proposed transaction STI will be a wholly-owned, indirect subsidiary of Connect.

6. **Details of Proposed Transaction** – The below description of the proposed transaction includes the following:

- a. The current ownership structure of STI and its affiliates.
- b. The acquiring entities involved in the merger.
- c. The merger process.

d. The resulting ownership structure of STI and its affiliates.

e. Details of the financing of the transaction.

a. **Current Ownership** – As noted above, SHI is a Delaware corporation and sole shareholder of STHI, also a Delaware corporation. STHI has two wholly-owned, direct subsidiaries that are both Delaware corporations: STI and T-NETIX, Inc. (“TNI”).²

Attachment A hereto shows the existing ownership structure of STI.

b. **Acquiring Entities** – Connect Merger Sub is a Delaware corporation and wholly-owned subsidiary of Connect. Connect is a controlled affiliate of Castle Harlan Partners V, L.P. (“Castle Partners”), which is managed by Castle Harlan, Inc. (“Castle Harlan”), a New York-based investment firm. Castle Harlan, founded in 1987, invests in controlling interests in the buyout and development of middle-market companies principally in North America. Its team of 18 investment professionals has completed over 50 acquisitions since its inception with a total value of approximately \$10 billion. Castle Harlan currently manages investment funds with equity commitments of approximately \$3.5 billion. Castle Harlan and its affiliates are not direct providers of telecommunications services.

c. **The Merger Process** – The proposed indirect transfer of STI will occur through a merger with Connect Merger Sub, which will include the following steps:

(i) Connect has formed Connect Merger Sub solely for the purpose of effecting the proposed transaction.

² TNI is in turn the parent of T-NETIX Telecommunications Services, Inc., which is in turn the parent of TELEQUIP Labs, Inc. (“TELEQUIP”). TNI, TNTSI and TELEQUIP are not providers of telecommunications services in the State of Tennessee.

(ii) Connect Merger Sub shall merge with and into SHI. Upon completion of this merger, the separate existence of Connect Merger Sub will cease and SHI will be the surviving corporation.

d. **The Resulting Ownership Structure** – Upon completion of the proposed transaction, the current existing, intercorporate relationships between SHI, STHI and STI shall remain unchanged. However, SHI will become a wholly-owned subsidiary of Connect. **Attachment B** hereto shows the post-merger-closing ownership structure of STI.

e. **Financing Of The Transaction** – The proposed transaction will be financed, in part, through financing obtained by Connect Merger Sub, with STI as a borrower and providing a security interest in its assets. Affiliates of STI will provide guarantees and also pledges of assets.

7. **Transparency Of Transaction** – Following consummation of the proposed transaction, STI will remain a separately certificated entity and continue to provide its inmate telephone services as they are presently provided. There will be no transfer of STI's assets used in the provision of the services or transfer or assignment of its authorization. Of particular importance, the existing senior management and key personnel of STI will continue in their present positions.

The transaction will also be seamless and transparent to STI's customers, who will receive uninterrupted service from STI. There will be no immediate changes in the terms and conditions of the services provided by STI. These services will be provided

pursuant to the applicable tariffs or price lists that STI currently has on file as approved by the Commission.

III. CONTACTS FOR APPLICATION

8. The contact persons for any questions regarding this Application shall be:
- a. James A. DeLanis of the law firm of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, Baker Donelson Center, 211 Commerce Street Suite 800, Nashville, TN 37201, Telephone No.: 615-726-5613, Facsimile No.: 615-744-5613, Electronic Mail Address: jdelanis@bakerdonelson.com (for STI and SHI)
 - b. Paul C. Besozzi of the law firm of Patton Boggs LLP, 2550 M Street, N.W., Washington, D.C, 20037, Telephone No.: 202-457-5292, Facsimile No: 202-457-6315, Electronic Mail Address: pbsozzi@pattonboggs.com (for STI and SHI)
 - c. John Beahn of the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, 1440 New York Avenue, N.W., Washington, D.C. 20005, Telephone No.: 202-371-7392, Facsimile No.: 202-661-9192, Electronic Mail Address: jbeahn@skadden.com (for Connect).

IV. PUBLIC INTEREST REASONS FOR GRANT

9. The proposed transaction is non-controversial and will serve the public interest by providing STI with access to the substantial financial assets of Castle Partners. Consummation of the proposed transaction will help STI to continue to provide services to its customers and potentially expand or enhance those services at new facilities in the State. As indicated above, the Commission has previously approved an analogous

parent-level transaction involving STI, concluding that it was in the public interest. The Commission should reach the same conclusion in this case.

V. REQUEST FOR EXPEDITED TREATMENT

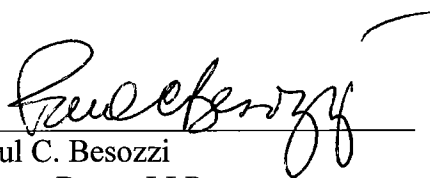
10. STI, SHI and Connect are requesting expedited approval of this Application. As noted above, it is non-controversial and transparent to STI's customers. For the other reasons outlined above, it is in the public interest. The parties seek to consummate this transaction as soon as possible. Therefore, STI, SHI and Connect respectfully request expedited action to ensure that this time frame can be met.

WHEREFORE, STI, SHI and Connect respectfully request that the Commission approve this Application on an expedited basis so that the parties may consummate the contemplated transactions as soon as possible.

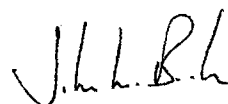
Respectfully submitted

**SECURUS TECHNOLOGIES, INC.,
SECURUS HOLDINGS, INC. and
CONNECT ACQUISITION CORP.**

By: James A. DeLanis
James A. DeLanis
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Berkowitz, PC
Baker Donelson Center,
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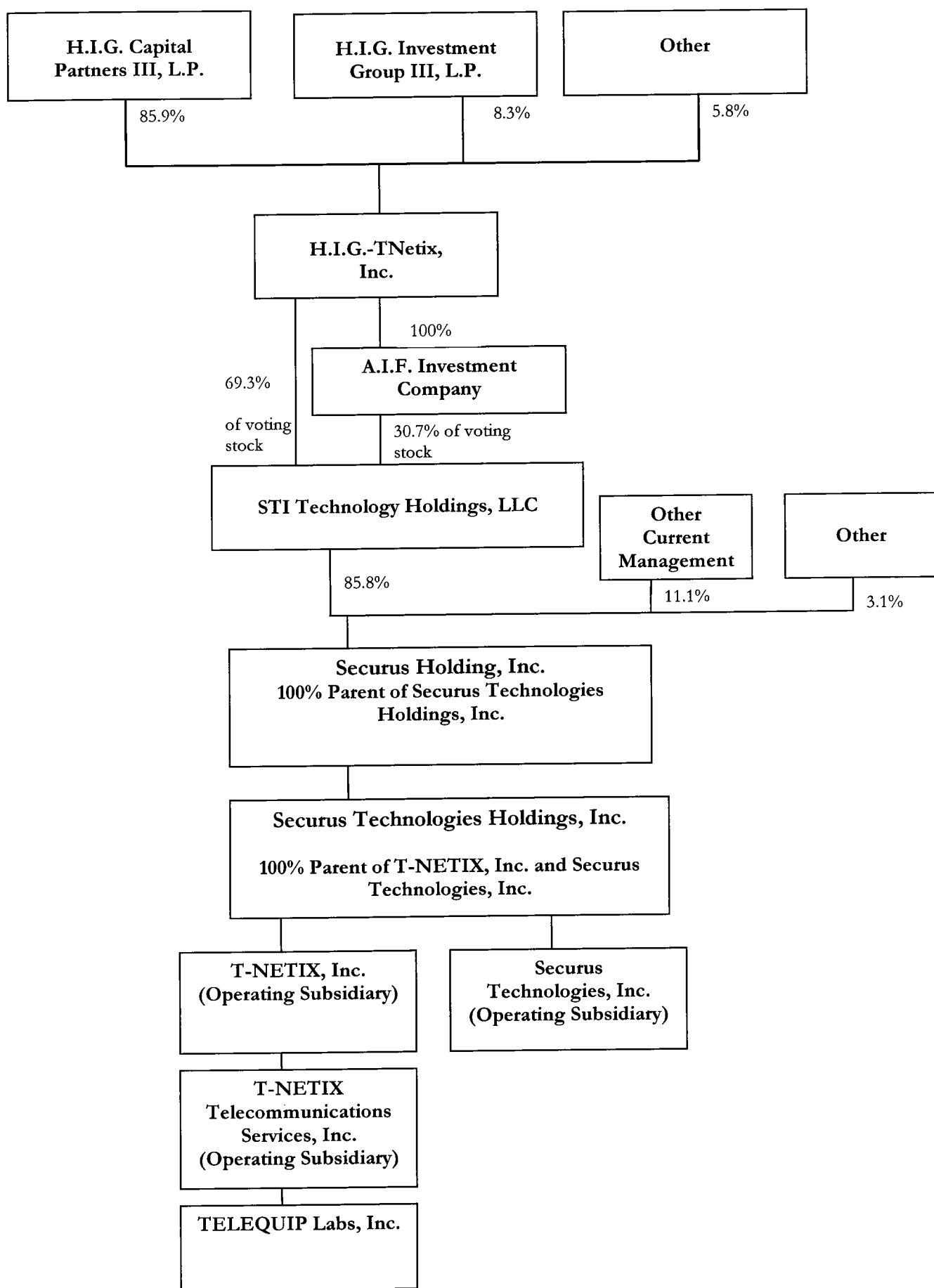


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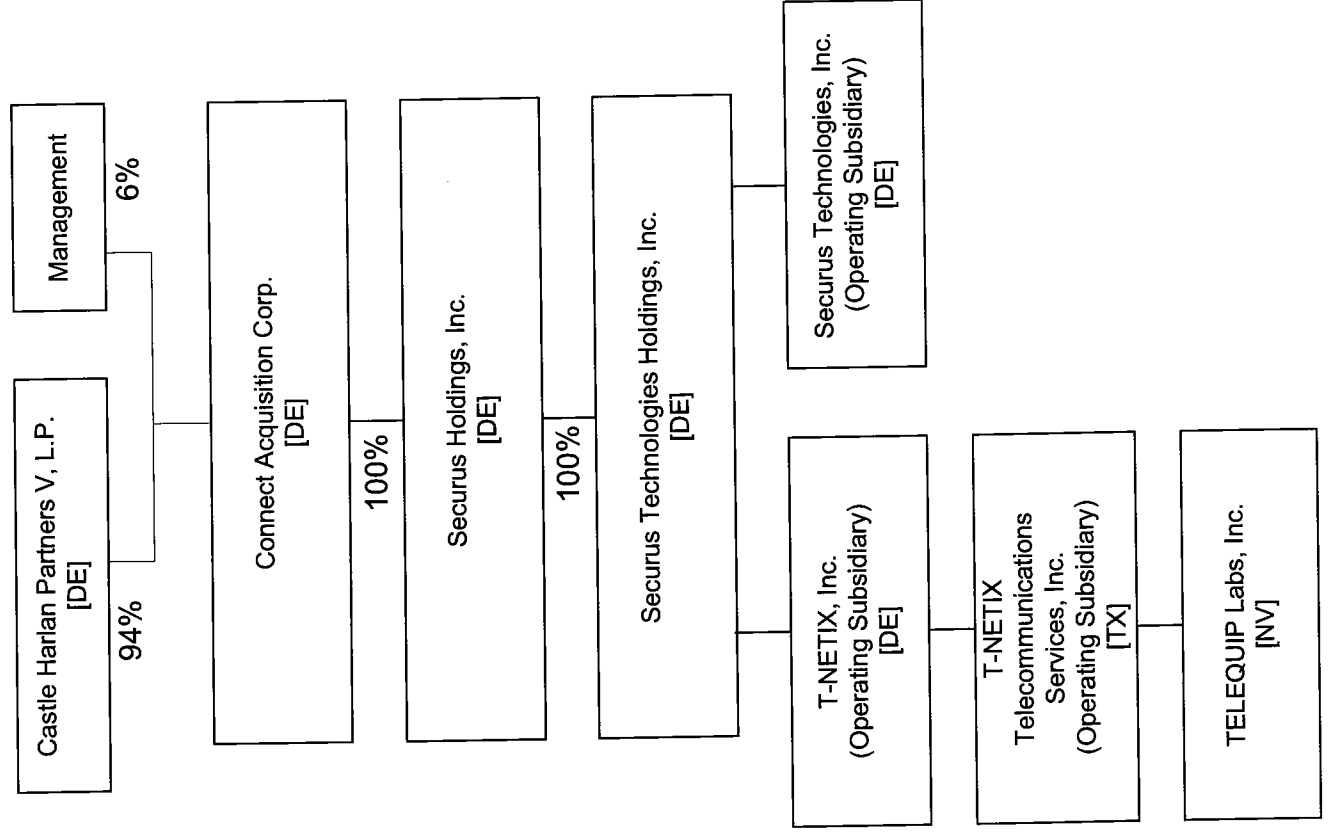
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(202) 371-7392 (Telephone)
(202) 661- 9192 (Facsimile)
Email Address: jbeahn@skadden.com

ATTACHMENT A



ATTACHMENT B

Final Structure



VERIFICATION

I, Dennis J. Reinhold, am the Vice President, General Counsel and Secretary of Securus Holdings Inc. The foregoing Application has been prepared pursuant to my direction and control and I have reviewed its contents. The factual statements and representations made therein by and concerning Securus Holdings, Inc. and its direct and indirect subsidiaries and the transactions described therein are true and correct to the best of my knowledge and belief.

D. J. Reinhold

Name: Dennis J. Reinhold

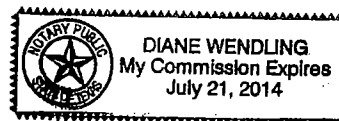
Title: Vice President, General Counsel and Secretary

County of DALLAS)
State of TEXAS)

Subscribed and sworn to before me by Dennis Reinhold this 12th day of April, 2011.

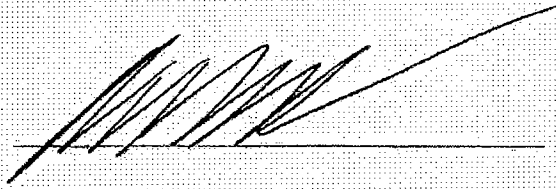
Diane Wendling
Notary Public

My Commission Expires: July 21, 2014



VERIFICATION

I, Howard Weiss, am Vice President and Chief Financial Officer of Connect Acquisition Corp. The factual statements and representations made in the foregoing Application by and concerning Connect Acquisition Corp. and its subsidiaries and the transactions described therein are true and correct to the best of my knowledge and belief.

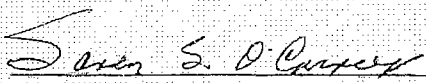


Name: HOWARD WEISS

Title: VP & CHIEF FINANCIAL OFFICER

County of Queens
State of New York

Subscribed and sworn to before me by Howard Weiss this 12th day of April, 2011, 2011.


Notary Public

My Commission Expires: _____

SANDRA S. O'CONNOR
Notary Public, State of New York
No. 010C5045049
Qualified in Queens County
Commission Expires June 12, 2011