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2550 M Street, NW  
Washington, DC 20037-1350  
202-457-6000  
Facsimile 202-457-6315  
www.pattonboggs.com

March 20, 2013

Paul C. Besozzi  
202-457-5292  
pbsozzi@pattonboggs.com

**VIA FEDERAL EXPRESS**

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

**ORIGINAL**

DOCKET NO.  
13-00047

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

Dear Ms. Dillon:

Enclosed herewith are an original and four (4) copies of a request by Securus Technologies, Inc. ("STI"), Connect Acquisition Corp. ("Connect") and Securus Investment Holdings, LLC ("SIH") for approval, on an expedited basis, of the indirect transfer of control of STI through a merger transaction involving its current indirect parent Connect and SIH.

Enclosed is the \$25 filing fee, and an extra copy of the Application with the request that it be appropriately marked as received and returned in the envelope provided.

An electronic copy of this Application was submitted to the Tennessee Regulatory Authority via email on March 20, 2013.

Sincerely,

*Paul C. Besozzi*

Paul C. Besozzi

cc: James A. DeLanis

Enclosures

**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY**

\_\_\_\_\_) )  
Application of Securus Technologies, )  
Inc., Connect Acquisition Corp. )  
And Securus Investment )  
Holdings, LLC For Expedited )  
Approval of the Indirect Transfer )  
of Control of Securus Technologies, )  
Inc. To Securus Investment )  
Holdings, LLC )  
March 20, 2013 )  
\_\_\_\_\_)

Case No. \_\_\_\_\_

**APPLICATION**

**Comes now** Securus Technologies, Inc. ("STI"), Connect Acquisition Corp. ("Connect"), and Securus Investment Holdings, Inc. ("SIH"), acting through counsel and in accordance with Section 65-4-113 of the Tennessee Code and subsequent Orders issued by the Tennessee Regulatory Authority ("Authority") 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 Connect and SIH as described below.

**I. BACKGROUND**

1. STI is authorized by the Authority 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.

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 wholly-owned subsidiary of Connect. STHI, SHI, and Connect are not providers of telecommunications services in the State of Tennessee or elsewhere.

3. The ultimate controlling interest in STI is held by Castle Harlan Partners V, L.P. (“Castle Harlan Partnership”), through an indirect controlling interest in Connect. Castle Harlan Partnership is managed by Castle Harlan, Inc. (“Castle Harlan”), a New York-based investment firm. In connection with that transaction, the General Counsel of the Authority issued a letter, dated May 20, 2011, stating that based on the information provided in the application and the current status of STI, the indirect transfer of control “does not require approval by the Authority.”<sup>1</sup> While the transaction that is the subject of this submission is similar in nature to that which was the subject of the aforementioned letter, the parties have determined it is appropriate to file the Application.

4. SIH is a newly formed State of Delaware corporation, established for purposes of the contemplated indirect transfer of control of STI.

## **II. DESCRIPTION OF THE PROPOSED TRANSACTION**

5. **General Description of Merger Agreement** – Connect has entered into an Agreement and Plan of Merger, dated March 14, 2013, among (a) Connect (b) SIH, (c) Connect Merger Sub, Inc. (“Connect Merger Sub”), a Delaware corporation, and (d) Connect Acquisition LLC, a Delaware limited liability company (“Merger Agreement”). A more detailed description of the terms of the Merger Agreement is set out below, but

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<sup>1</sup> A copy of the letter is Attachment A hereto.

upon the completion of the proposed transaction STI will be a wholly-owned, indirect subsidiary of SIH.

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, Connect is a Delaware corporation and sole shareholder of SHI. SHI is a Delaware corporation and the 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”).<sup>2</sup> **Attachment B** hereto shows the existing ownership structure of STI.

b. **Acquiring Entities** – Connect Merger Sub is a Delaware corporation and wholly-owned subsidiary of SIH. SIH is a State of Delaware limited liability company with its primary offices located at 111 Huntington Avenue, 29th Floor, Boston, MA 02199. Approximately 96.4% of the interests in SIH will be held by Securus Special Investments, LLC (“SSI”), with the remaining interests to be held by members of STI and its affiliates’ management. SSI will be controlled by ABRY Partners VII, L.P. (“ABRY VII”), an affiliate of ABRY Partners (“ABRY”), a Boston-based private equity

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

investment firm focused solely on media, communications, business, and information services investments.

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

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

d. **The Resulting Ownership Structure** – Upon completion of the proposed transaction, the current existing, intercorporate relationships between Connect, SHI, STHI, and STI shall remain unchanged. However, Connect will become a wholly-owned subsidiary of SIH. **Attachment C** 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 STHI, with STI and certain of its affiliates acting as guarantors and providing security interests in their assets and pledges of their stock.

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 Authority.

### **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](mailto:jdelanis@bakerdonelson.com) (for STI and Connect)

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](mailto:pbsozzi@pattonboggs.com) (for STI and Connect)

c. Bennett Ross of the law firm of Wiley Rein LLP, 1776 K Street, N.W., Washington, DC 20006, Telephone No.: 202-719-7524, Facsimile No. 202-719-7049, Electronic Mail Address: [bross@wileyrein.com](mailto:bross@wileyrein.com). (for SIH).

### **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 ABRY VII and ABRY. 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 Authority has previously permitted an analogous parent-

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

**V. REQUEST FOR EXPEDITED TREATMENT**

10. STI, Connect and SIH are requesting, to the extent necessary, 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.

**WHEREFORE**, STI, Connect, and SIH respectfully request that the Authority 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.,  
CONNECT ACQUISITION CORP.  
and SECURUS INVESTMENT  
HOLDINGS, LLC**

By: James A. DeLanis  
James A. DeLanis  
Baker, Donelson, Bearman, Caldwell and  
Berkowitz, PC  
Baker Donelson Center,  
211 Commerce Street, Suite 800  
Nashville, Tennessee 37201  
(615) 726-5613 - (Telephone)  
(615) 744-5613 - (Facsimile)  
Email: jdelanis@bakerdonelson.com

By: 

Paul C. Besozzi

Patton Boggs LLP

2550 M Street, N.W.

Washington, D.C. 20037

(202) 457-5292 (Telephone)

(202) 457-6315 (Facsimile)

Email: pbesozzi@pattonboggs.com

By: 

Bennett L. Ross

Wiley Rein LLP

1776 K Street, N.W.

Washington, DC 20006

(202) 719-7524 (Telephone)

(202) 719-7049 (Facsimile)

Email Address: bross@wileyrein.com

**ATTACHMENT A**



Tennessee Regulatory Authority

460 James Robertson Parkway

Nashville, Tennessee 37243-0505

*The MISSION of the Tennessee Regulatory Authority is to promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.*

# FAX

Date: May 20, 2011Number of pages including cover sheet: 5

To:

JAMES A. DELANISPhone: (615) 726-5613Fax: (615) 744-5613

cc:

From:

RICHARD COLLIERPhone: (615) 741-3191 x170Fax: (615) 741-9934

cc:

REMARKS:

☐ Urgent☐ For your review☐ Reply ASAP☐ Please comment

Authority letter in Docket No. 11-00052 attached.

**TENNESSEE REGULATORY AUTHORITY**

460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

May 20, 2011

**VIA FACSIMILE AND U.S. MAIL**

James A. DeLanis, Esq.  
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC  
Baker Donelson Center  
211 Commerce Street, Suite 800  
Nashville, TN 37201

Re: Application of Securus Technologies, Inc. And Connect Acquisition Corp. For  
Expedited Approval Of The Indirect Transfer Of Control Of Securus  
Technologies, Inc. To Connect Acquisition Corp.  
TRA Docket 11-00052

Dear Mr. DeLanis:

This letter is provided in response to the filing of the *Application of Securus Technologies, Inc. And Connect Acquisition Corp. For Expedited Approval Of The Indirect Transfer Of Control Of Securus Technologies, Inc. To Connect Acquisition Corp.* ("Application") with the Tennessee Regulatory Authority ("Authority") on April 14, 2011. Based upon the information provided in the *Application* and the current status of Securus Technologies, Inc. ("STI") as a market-regulated telecommunications service provider, the indirect transfer of control of STI to Connect Acquisition Corp. ("Connect"), whereby STI will become a wholly-owned indirect subsidiary of Connect, does not require approval by the Authority.

The *Application* states that STI is the former Evercom Systems, Inc. ("Evercom"). Evercom was certificated as an operator of Customer Owned Coin Operated Telephone Service ("COCOT") for the provision of inmate telephone services in Tennessee by Order of the Authority on August 10, 1999 in Docket No. 99-00502. Evercom has maintained its COCOT certification since 1999. Evercom was issued a Certificate of Convenience and Necessity to provide resell and operator services pursuant to an Order issued by the Authority on August 1, 2000 in Docket No. 00-00177. In Docket No. 04-00218, the Authority approved the *pro forma* indirect transfer of control of Evercom through the transfer of control of its indirect parent, Evercom Holdings, Inc. to TZ Holdings, Inc.<sup>1</sup> According to the *Application* and Authority approval in that docket, Evercom remained the separately certificated entity providing service

<sup>1</sup> TZ Holdings, Inc. was described as "majority-owned by H.I.G.-TNetix, Inc." in the *Application* filed in Docket No. 04-00218.

James A. DeLanis, Esq.  
May 20, 2011  
Page 2

and there were no changes in rates, terms or conditions of the services provided by Evercom as a result of the transaction.<sup>2</sup> On May 6, 2011, Evercom filed a letter with the Authority giving notice of its change of name to Securus Technologies, Inc. The documentation accompanying the letter indicates that the name change was filed with the Tennessee Secretary of State on September 29, 2010. Evercom's notice has been assigned Docket No. 11-00069.

The *Application* describes the proposed transaction as controlled by the Agreement and Plan of Merger ("Merger Agreement") dated April 8, 2011. Pursuant to the Merger Agreement, Connect has created a wholly-owned subsidiary Connect Merger Corp. ("Connect Merger Sub") formed solely to effect the proposed transaction and through which the proposed transaction will be financed. Connect Merger Sub will ultimately merge with Securus Holdings, Inc. ("SHI"), which will survive the merger with Connect Merger Sub. Inasmuch as SHI wholly-owns Securus Technologies Holdings, Inc. ("STHI"), which in turn, wholly-owns STI, the result of the proposed merger transaction will position STI as a wholly-owned indirect subsidiary of Connect. The *Application* states:

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 service provided by STI.

In the *Application*, STI requests authorization for the indirect transfer of STI to Connect. The *Application* also states that while the transaction will be financed through Connect Merger Sub, STI will be the borrower and will provide a security interest in its assets. The *Application* requests the TRA consider the transfer of control and asset transfer pursuant to Tenn. Code Ann. § 65-4-113. While Tenn. Code Ann. § 65-4-113 is the appropriate statute to review the transaction as described in the *Application*, a request to pledge assets in connection the financing agreement, as requested by STI, is governed by Tenn. Code Ann. § 65-4-109.

During the 2009 legislative session, Tenn. Code Ann. § 65-5-109 was amended through Public Chapter 278 to establish Market Regulation for Telecommunications Companies. Pursuant to that amendment, telecommunications service providers can elect to operate pursuant to market regulation by filing a notice with the Authority, with such election becoming effective upon filing. No formal or official action is required. Nevertheless, the Authority takes official notice of such filings to enable it to maintain a record of companies electing Market Regulation. By electing Market Regulation, telecommunication carriers become exempt from most aspects of the regulation of retail operations, including pricing. Those elements of regulation specifically retained by the TRA, as listed in Tenn. Code Ann. § 65-5-109 (m) include:

1. Exercising authority relating to obligations under the 1996 Federal Telecommunications Act or Federal Communications Commission (FCC) Orders and Rules;

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<sup>2</sup> The Order Approving Transfer of Authority in Docket No. 04-00218 was entered on October 7, 2004.

James A. DeLanis, Esq.  
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Page 3

2. Assessing & collecting inspection fees;
3. Exercising jurisdiction over cable and video franchises;
4. Exercising jurisdiction with respect to underground facilities damage prevention;
5. Exercising jurisdiction with respect to Life-Line and Link-up programs;
6. Exercising jurisdiction over the Tennessee Relay Service Center or the Telecommunications Devices Access Program (TDAP);
7. Exercising jurisdiction with respect to small and minority owned business participation plans;
8. Responding to specific customer complaints regarding residential telephone service;
9. Exercising jurisdiction with respect to Universal Service Funding;
10. Exercising jurisdiction with respect to intrastate switched access service;
11. Acting with respect to enforcement or modification of any wholesale Self Effectuating Enforcement Mechanism (SEEM) Plan in place as of January 1, 2009;
12. Exercising jurisdiction with respect to certification requirements;
13. Exercising jurisdiction with respect to extensions of facilities pursuant Tenn. Code Ann. § 65-5-114(2) or requiring extensions of facilities in accordance with the terms of the A5 and B5 tariffs of AT&T as such tariffs existed on January 1, 2009; and
14. Exercising jurisdiction pursuant to Tenn. Code Ann. § 65-4-125; however, the Authority shall exercise its jurisdiction under subsections (a) or (b) of that statute only in connection with a complaint.

Tenn. Code Ann. § 65-4-109 and Tenn. Code Ann. § 65-4-113 are not statutes listed under either Tenn. Code Ann. §§ 65-5-109(m) and (n) that continue to apply to market-regulated companies. On June 18, 2009, Evercom filed notice that it had elected relief under the Market Regulation Act of 2009 through a filing in Docket No. 09-00089. That docket was placed on the agenda for the Authority Conference held on August 4, 2009 and Evercom's notice was acknowledged by the Authority at that time.

Prior to passage of the Market Regulation Act of 2009, the Authority would review the *Application*, as noted above, under both Tenn. Code Ann. § 65-4-109 and Tenn. Code Ann. § 65-4-113. As a market-regulated telecommunications carrier, STI is exempt from Authority regulation except for specifically enumerated instances in Tenn. Code Ann. §§ 65-5-109(m) and (n) where Authority jurisdiction is preserved. As a result of the passage of the Market Regulation Act of 2009, which excludes Tenn. Code Ann. § 65-4-109 and § 65-4-113, and STI's election of market regulation pursuant to Tenn. Code Ann. § 65-5-109, the transaction as described in the *Application* falls outside the scope of the Authority's jurisdiction, as circumscribed by Tenn. Code Ann. § 65-5-109. Therefore, it is the position of the Authority that approval by the Authority of the transaction is not required. This conclusion is based solely on the facts as presented in the *Application* and is not to be construed as a statement of general

James A. DeLanis, Esq.  
May 20, 2011  
Page 4

policy regarding the Authority's jurisdiction to review transactions pursuant to Tenn. Code Ann. § 65-4-109 or § 65-4-113 in the instance where one or more entities involved in the transaction have elected market regulation. It is also not to be construed as a statement of general policy regarding the Authority's jurisdiction to review financing transactions pursuant to Tenn. Code Ann. § 65-4-109.

Thank you for your detailed description and explanation of the transaction in the *Application*. Should you have any additional questions or should there be a change in any of the information provided in the *Application*, please contact me at the telephone number indicated below.

Very truly yours,

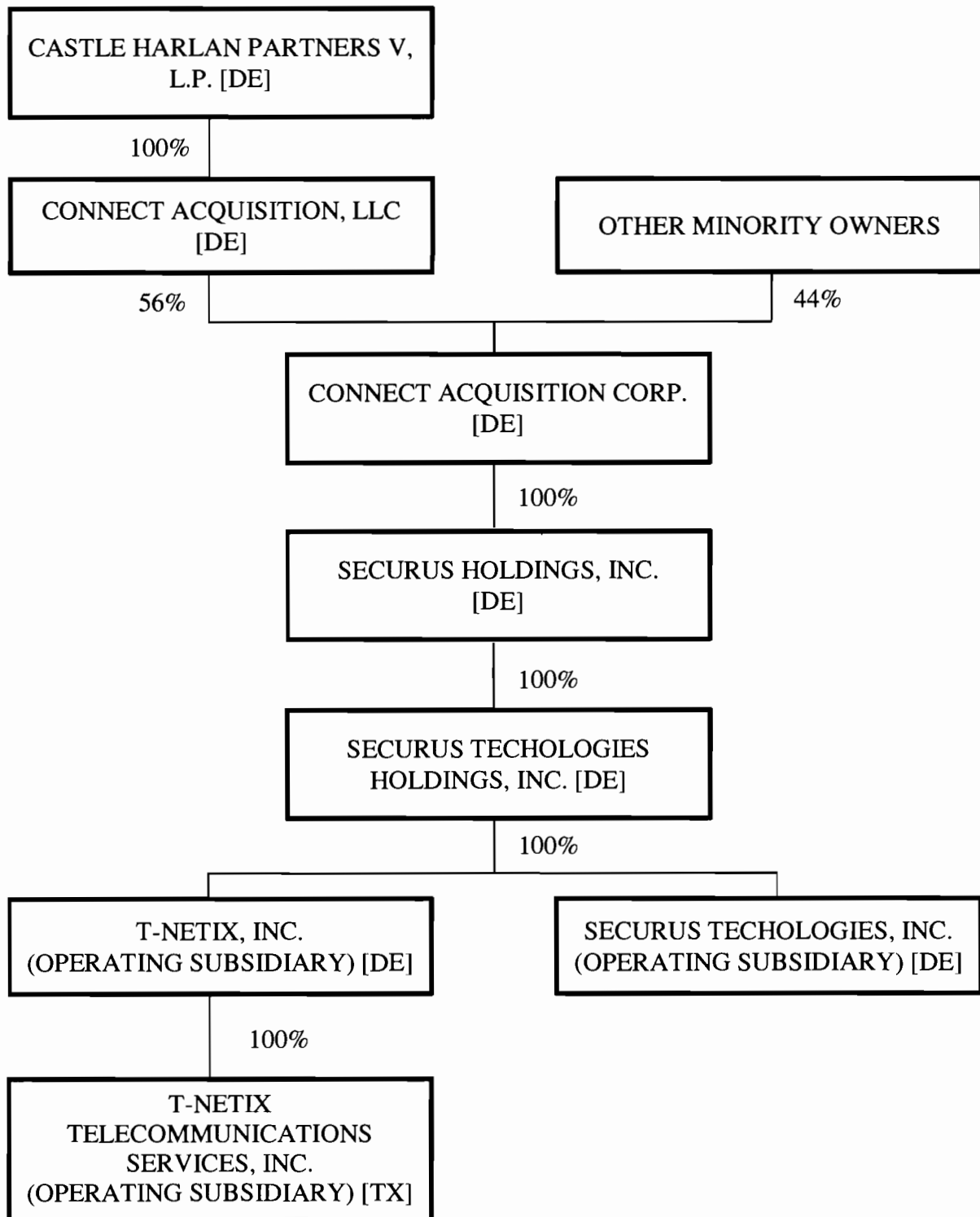


J. Richard Collier  
General Counsel  
(615) 741-3191 ext. 170

c: Chairman Mary W. Freeman  
Jerry Kettles, Chief of Economic Analysis Division  
David Foster, Chief of Utilities Division  
Docket No. 11-00052

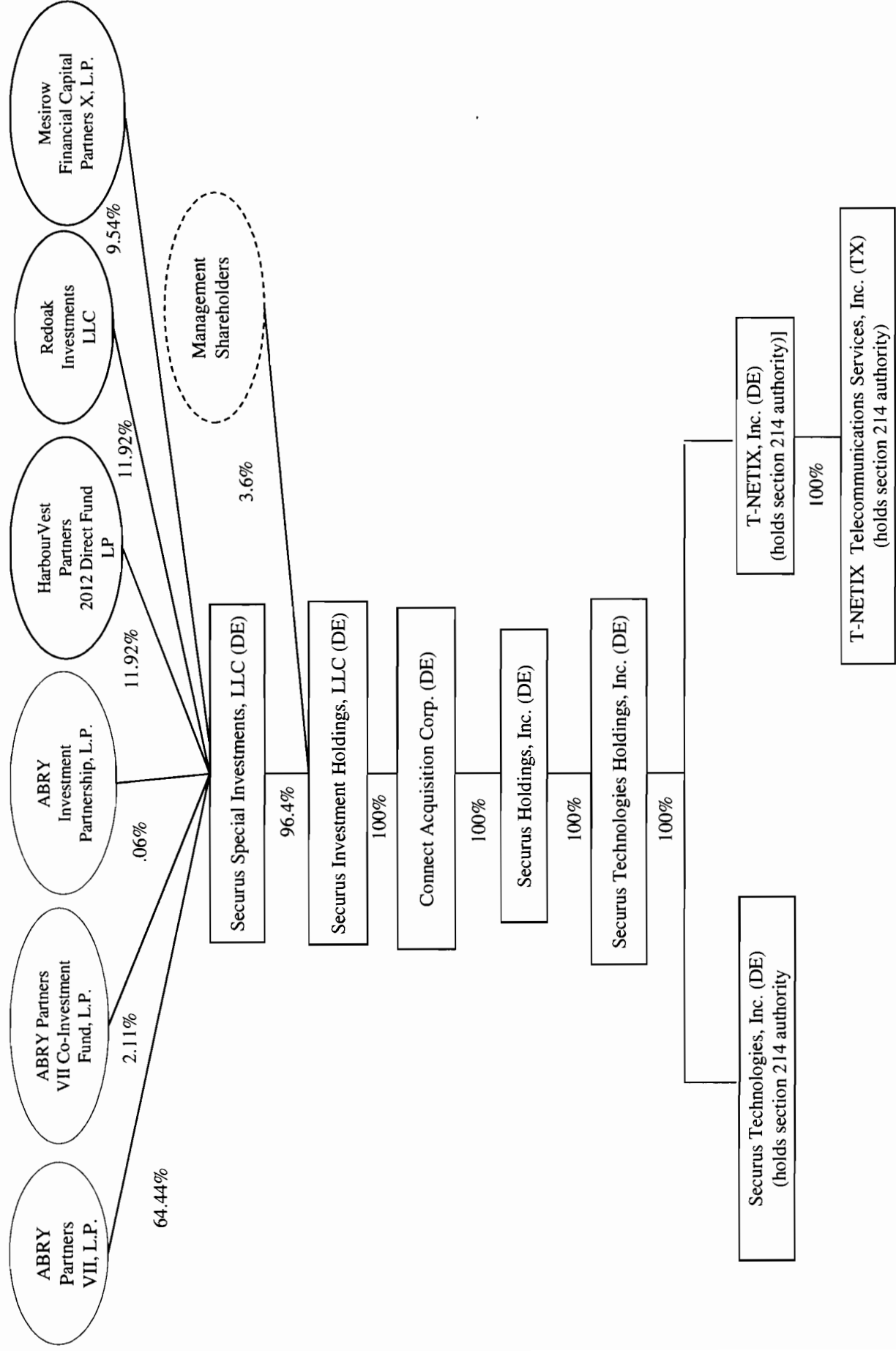
**ATTACHMENT B**

## PRE-CLOSING STRUCTURE



**ATTACHMENT C**

## Post-Closing Holding Structure



**VERIFICATION**

I, Dennis J. Reinhold, am the Secretary of Connect Acquisition Corp. 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 Connect Acquisition Corp. and its direct and indirect subsidiaries and the transactions described therein are true and correct to the best of my knowledge and belief.

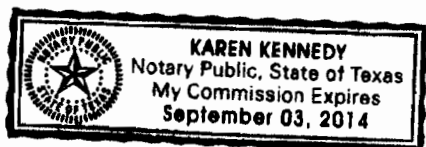
D.J. Reinhold

Name: Dennis J. Reinhold

Title: Secretary

County of Dallas )  
State of Texas )

Subscribed and sworn to before me by March this 14 day of 2013,  
2013.



Karen Kennedy  
Notary Public

My Commission Expires: Sept 3, 2014

**VERIFICATION**

I, C.J. Brucato, III, am the President of Securus Investment Holdings, LLC. The factual statements and representations made in the foregoing Application by and concerning Securus Investment Holdings, LLC and the transactions described therein are true and correct to the best of my knowledge and belief.

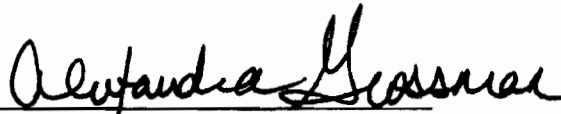


Name: C.J. Brucato, III

Title: President

County of Suffolk )  
State of MA )

Subscribed and sworn to before me by C.J. Brucato III this 14 day of March, 2013.



Notary Public

My Commission Expires: 2/4/16

