

**BEFORE THE
NEW YORK PUBLIC SERVICE COMMISSION**

Joint Petition of

Securus Technologies, Inc.
and
SCRS Acquisition Corporation

for Approval for Securus Technologies, Inc. to
Participate in Certain Financing Arrangements

Matter/Case No. _____

PETITION

Securus Technologies, Inc. (“STI”) and SCRS Acquisition Corporation (“SCRS”) (together, “Petitioners”), by undersigned counsel and pursuant to Section 101 of the Public Service Law, respectfully request Commission approval for STI to participate in certain financing arrangements concurrently with or following completion of the Transaction (as defined below).

I. INTRODUCTION

This Petition is being filed in connection with the proposed transfer of indirect control of STI to SCRS.¹ Pursuant to that certain Stock Purchase Agreement by and among Securus Investment Holdings, LLC (“SIH”), Connect Acquisition Corp. (“Connect”) and SCRS, dated as of April 29, 2017 (the “Agreement”), SCRS will acquire all the stock of Connect from SIH (the “Transaction”). As a result, Connect will become a wholly owned, direct subsidiary of SCRS; STI will become a wholly owned, indirect subsidiary of SCRS (and its parent companies). The pre- and post-Transaction corporate ownership structures of STI is provided in Exhibit A. Concurrently with or following completion of the Transaction, STI is expected to participate in certain financing

¹ A Petition requesting approval of the proposed transfer of control (the “Transfer Petition”) is being filed concurrently with this Petition.

arrangements of SCRS. Therefore, this Petition seeks approval for STI to participate in Financing Arrangements (as defined below) up to the Aggregate Amount (as defined below).

II. THE PETITIONERS

A. Securus Technologies, Inc.

STI is a Delaware corporation with its principal place of business at 4000 International Parkway, Carrollton, Texas 75007. STI provides telecommunications services to a number of confinement and correctional facilities in the District of Columbia and approximately 46 states, including in the State of New York.² In New York, STI is authorized to provide inmate telephone services pursuant to a Certificate of Public Convenience and Necessity issued by the Commission in Case No. 97-C-1921. STI is also authorized by the FCC to provide domestic and international telecommunications services.

STI is a wholly owned, direct subsidiary of Securus Technologies Holdings, Inc. (“STHI”), a Delaware corporation and wholly owned, direct subsidiary of Securus Holdings, Inc. (“Securus Holdings”), a Delaware corporation. Securus Holdings is, in turn, a wholly owned direct, subsidiary of Connect, a Delaware corporation. Currently, Connect is a wholly owned direct, subsidiary of SIH, a Delaware limited liability company. The controlling interests in SIH are currently held by ABRY Partners VII, L.P., an affiliate of ABRY Partners, a Boston-based private equity investment firm focused solely on media, communications, business, and information services investments.

B. SCRS Acquisition Corporation

SCRS is a newly formed Delaware corporation established for the purposes of the Transaction (as defined below). SCRS’s principal address is c/o Platinum Equity, 360 North

² In addition, STI, through its operating subsidiaries, provides various additional products, services and technologies to the correctional and law enforcement community.

Crescent Drive, South Building, Beverly Hills, California 90210. SCRS is ultimately wholly owned by SCRS Holding Corporation (“SCRS Parent”), a Delaware corporation. SCRS Parent is a holding company in which certain private equity investment vehicles sponsored by Platinum Equity, LLC (together with its affiliates, “Platinum Equity”) will contribute their equity investments in connection with the Transaction. Platinum Equity Capital Partners IV, L.P., a Delaware limited partnership, will be the majority owner of SCRS Parent.

Founded in 1995 by Tom Gores, Platinum Equity (www.platinumequity.com) is a global investment firm with more than \$11 billion of assets under management and a portfolio of approximately 30 operating companies that serve customers around the world. The firm is currently investing from Platinum Equity Capital Partners IV, L.P., a \$6.5 billion global buyout fund. Platinum Equity specializes in mergers, acquisitions and operations, acquiring and operating companies in a broad range of business markets, including manufacturing, distribution, transportation and logistics, equipment rental, metals services, media and entertainment, technology, telecommunications and other industries. Over the past 22 years Platinum Equity has completed more than 185 acquisitions. While Platinum Equity does not have any telecommunication carriers in its current portfolio, Platinum Equity’s prior investments in telecommunications carriers include but are not limited to: Covad, DSLnet and Matrix Telecom. These entities are, or were, authorized by this Commission to provide competitive local exchange service and/or interexchange service. As such, the Commission has previously reviewed, and approved, Platinum Equity’s technical, financial, and managerial ability to control an authorized public utility.

III. REQUEST FOR APPROVAL

Approval is sought for STI to participate in , concurrently with or following completion of the Transaction, existing, new, amended and restated financing arrangements (the “Financing Arrangements”) up to an aggregate principal amount of \$2.6 billion. To maintain adequate flexibility to respond to market conditions and requirements, to fund some or all of the purchase price for the Transaction (including the repayment of existing long-term debt of Connect and its subsidiaries³ and costs and fees) and to respond to future acquisition and other business opportunities, authority is sought for STI to participate in Financing Arrangements that are generally consistent with the terms outlined below:

Aggregate Amount: Up to \$2.6 billion (the “Aggregate Amount”).

Borrower: Petitioners currently expect that SCRS will be the initial borrower. After giving effect to the Transaction, the borrower(s) may change to be one or more of the other parent companies or operating companies, including STI. In order to maintain flexibility, therefore, authorization is sought for STI to be a borrower or co-borrower under the Financing Arrangements.

Debt Instruments: The Financing Arrangements may include one or more of the following debt instruments: notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); conventional credit facilities, such as revolving and term loan credit facilities; letters of credit; and bridge loans; or a combination thereof

Maturity: Up to ten (10) years after issuance or amendment depending on the type of debt instrument.

Interest: Interest rates will be the market rate for similar financings and will not be determined until the Financing Arrangement(s) are finalized. Depending on the type of debt securities, facility(ies) or other arrangements, indebtedness will accrue interest at a rate(s) that may be fixed (typically set at signing or closing based on then current market conditions) or floating (consisting of a base rate, which will float with a rate index such as LIBOR or Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates. To maintain flexibility, authorization is sought for Financing Arrangements at an interest rate(s) at the then current market conditions.

³ Currently, Connect’s outstanding long-term debt is approximately \$785 million as of May 2, 2017.

Security: Some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of SCRS and all or certain of its current and future subsidiaries, including STI. A portion of the Financing Arrangements may be unsecured facilities. For the secured facilities, the equity of SCRS and all or certain of its current and future subsidiaries may be pledged as additional security. Additionally, SCRS, its parent company, SCRS Intermediate Holding II Corporation, and its current and future subsidiaries, including STI, may provide a guaranty as security for the full Aggregate Amount in Financing Arrangements.

Purpose: The Financing Arrangements may be used for acquisitions--including the purchase price for the Transaction and associated fees and costs, and repayment of existing long-term indebtedness of Connect and its subsidiaries--future refinancing(s) of existing debt, working capital requirements and other general corporate purposes of the company.

Commission authorization is sought for STI to participate in the Financing Arrangements up to the Aggregate Amount and thereby to incur debt, as a borrower, co-borrower or guarantor, and pledge its assets as security for Financing Arrangements up to the Aggregate Amount with terms generally consistent with those outlined above.

IV. PUBLIC INTEREST CONSIDERATIONS

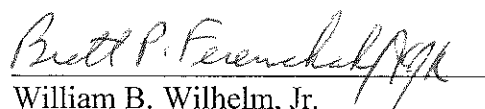
Approval of STI's participation the Financing Arrangements will serve the public interest by providing SCRS with the ability to use debt financing for some or all of the consideration for the Transaction, which itself will serve the public interest,⁴ allow repayment of the existing debt of Connect and its subsidiaries, and make available working capital to Connect and its subsidiaries, including STI, for their operations. The Financing Arrangements are necessary and appropriate, are consistent with the performance by STI of its services to the public, will not impair its ability to perform such services and will promote its corporate purposes. The Financing Arrangements will be transparent to the customers of STI and will not disrupt service or cause customer confusion or inconvenience. By providing financial support to STI, which may allow STI to increase the

⁴ See Transfer Petition at 5.

breadth and scope of its services, the Financing Arrangements will ultimately inure to the benefit of New York consumers.

V. CONCLUSION

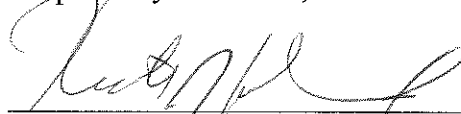
WHEREFORE, for the reasons stated herein, Petitioners respectfully request that the Commission approve this Petition to enable STI to participate in the Financing Arrangements as described herein.



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Respectfully submitted,



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