

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF THE  
STATE OF NEW YORK**

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

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

**APPLICATION**

Securus Technologies, Inc. ("STI"), Connect Acquisition Corp. ("Connect") and Securus Investment Holdings, LLC ("SIH"), acting through counsel and in accordance with Section 100 of the Public Service Law and subsequent Orders issued by the Commission interpreting this provision, respectfully request approval, on an expedited basis, for the indirect acquisition of the capital stock of STI in connection with 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 this Commission to provide inmate telephone services throughout the State pursuant to a Certificate of Public Convenience and Necessity issued January 8, 1998 in Case No. 97-C-1921. 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 Securus Holdings, Inc. ("SHI"), also a Delaware corporation. SHI is, in turn, a subsidiary of Connect. STHI, SHI, and Connect do not provide telecommunications services in

the State of New York or elsewhere **Attachment A** hereto shows the existing ownership structure of STI.

3. The ultimate controlling interest in STI is held by Castle Harlan Partners V, L.P. (“Castle Partners”), through an indirect controlling interest in Connect. Castle Partners is managed by Castle Harlan, Inc. (“Castle Harlan”) a New York-based private equity investment firm. The Commission approved the indirect transfer of control of STI to Castle Partners in Case No. 11-C-0238

4. SIH 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** – Connect has entered into an Agreement and Plan of Merger, dated March 14, 2013, among (a) Connect, (a) SIH, (b) Connect Merger Sub, Inc. (“Connect Merger Sub”)<sup>1</sup>, and (c) Connect Acquisition LLC (“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 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.

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<sup>1</sup> Connect Merger Sub is a newly-formed State of Delaware corporation, wholly-owned by SIH, that was established solely for the purpose of merging into and with Connect to implement the transfer of control of Connect to SIH.  
4846-5322-2163.

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”).<sup>2</sup>

b. **Acquiring Entities** – As previously noted, Connect Merger Sub is a Delaware corporation and wholly-owned subsidiary of SIH. SIH is in turn controlled by Securus Special Investments, LLC (“SSI”), which will hold a 95.3% interest, 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”) and affiliate of ABRY Partners (“ABRY”) a Boston-based investment firm focusing 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) Connect 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 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** – Financing for the transaction has been arranged through separate credit facilities obtained from a syndicate of financial institutions arranged by

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<sup>2</sup> Neither T-NETIX, Inc. nor its subsidiary, T-NETIX Telecommunications Services, Inc., provides telecommunications services in the State of New York.  
4846-5322-2163.

Deutsche Bank Securities, Inc. and BNP Paribus Securities Corp. and one or more of their respective affiliates. A separate petition for approval of those transactions was submitted to the Commission on March 14, 2013 (See Matter No. 13-00579).

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 currently 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. Keith J. Roland of the Herzog Law Firm P.C., 7 Southwoods Boulevard, Albany, New York 12211, Telephone No.: 518-465-7581, Facsimile No. : 518-462-2743, Electronic Mail Address: [kroland@herzoglaw.com](mailto:kroland@herzoglaw.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 L. Ross of the law firm of Wiley Rein LLP, 1776 K Street, N.W., Washington, D.C. 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 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, Connect and SIH 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, and the parties seek to consummate this transaction as soon as possible. Therefore, STI, Connect and SIH respectfully request expedited action to ensure that this time frame can be met.

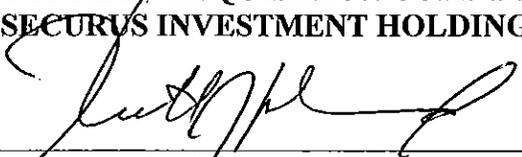
**WHEREFORE**, STI, Connect and SIH respectfully request that the Commission issue an Order for the following authority on an expedited basis so that the parties may consummate the contemplated transactions as soon as possible:

1. Granting authority for the indirect transfer of stock and indirect transfer of control of Securus Technologies, Inc. through the merger of Connect Merger Sub, Inc. into Connect Acquisition Corp. with Connect Acquisition Corp. to be the surviving entity;

2. Granting authority to Securus Investment Holdings, LLC to acquire indirectly the stock and control of Securus Technologies, Inc. as a result of the merger and the transactions described herein;
3. Granting such other and further authority and consents as may be necessary to effectuate the transactions described herein.

Respectfully submitted,

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

By: 

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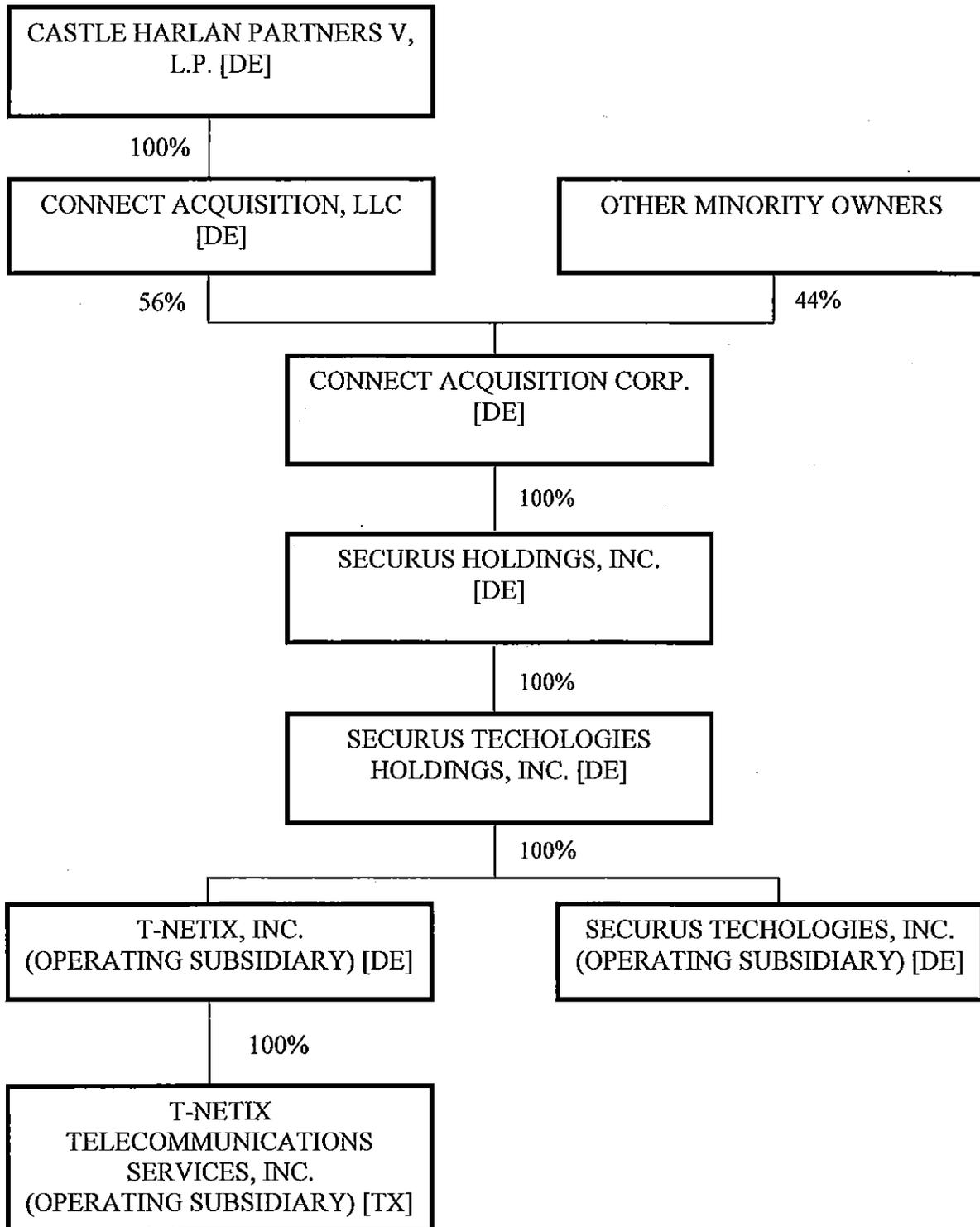
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Dated: Albany, New York  
March 18, 2013

**ATTACHMENT A**

**PRE-TRANSACTION-CLOSING OWNERSHIP**

PRE-CLOSING STRUCTURE



**ATTACHMENT B**

**POST-TRANSACTION-CLOSING OWNERSHIP**

## Post-Closing Holding Structure

