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July 10, 2017

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: **Notice of Ex Parte – WC Docket No. 17-126**  
**Securus Investment Holdings, LLC; Securus Technologies, Inc.; T-**  
**NETIX, Inc.; and T-NETIX Telecommunications Services, Inc.**

Dear Ms. Dortch:

Dennis Reinhold, Vice President, General Counsel and Secretary of Securus Investment Holdings, LLC, Securus Technologies, Inc., T-NETIX, Inc., and T-NETIX Telecommunications Services, Inc. (collectively “STP”); Paul C. Besozzi, counsel to STI; and William Wilhelm, counsel for SCRS Acquisition Corporation (“SCRS”) (collectively, “Applicants”), met with several Federal Communications Commission (“FCC” or “Commission”) staff regarding the pending request for approval of the indirect transfer of control of STP’s domestic and international Section 214 authority (“Application”)<sup>1</sup> through a parent-level transaction (“Transaction”). The primary purpose of the meetings was to

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<sup>1</sup> *Joint Application of Securus Investment Holdings, LLC, Transferor, Securus Technologies, Inc., Licensee T-NETIX, Inc., Licensee T-NETIX Telecommunications Services, Inc., Licensee, and SCRS Acquisition Corporation For Grant of Authority Pursuant to Section 214 of the Communications Act of 1934, as amended, and Sections 63.04 of the Commission’s Rules to Transfer Indirect Ownership and Control of Licensees to SCRS Acquisition Corporation*, WC Docket 17-126 (filed May 11, 2017), ITC-T/C-20170511-00094, ITC-T/C-20170511-00095 (filed May 11, 2017).

discuss issues raised by petitioners seeking to deny or delay approval of the pending Application (“Petitioners”).<sup>2</sup>

Specifically, on July 6, 2017, Messrs. Reinhold, Besozzi, and Wilhelm met with Madeline Findley, Deputy Chief, Wireline Competition Bureau, as well as staff in the Competition Policy Division of the Wireline Competition Bureau: Daniel Kahn, Division Chief; Jodie May, Assistant Division Chief; Sherwin Siy, Special Counsel.

On the same day, Messrs. Reinhold, Besozzi, and Wilhelm met with Kristine Fargotstein, who was substituting for Jay Schwarz, Legal Advisor for Wireline matters in the Office of Chairman Ajit Pai.

During the meetings, Applicants’ representatives made and discussed the following points:

**1. The Transaction Simply Involves A Transparent Parent Level Transfer Of Control** - The Transaction is a simple, routine parent-level transfer of control that will be seamless and transparent to the end-user customers. STI entities will remain separately certificated and continue to provide their inmate calling services (“ICS”) as they are presently providing under current management. There will be no changes to service rates, terms or conditions as a result of the Transaction. The Transaction is consistent with the most recent prior approval by the FCC involving STI,<sup>3</sup> and with other applications granted for parent-level transfers of control of other ICS providers.<sup>4</sup> There is no competitive impact on the ICS

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<sup>2</sup> *Petition To Deny By The Wright Petitioners, Citizen United For Rehabilitation Of Errants, Prison Policy Initiative, Human Rights Defense Center, The Center For Media Justice, Working Narratives, United Church Of Christ, OC, Inc., and Free Press*, dated June 16, 2017, WC Docket 17-126; ITC-T/C-20170511-00094; ITC-T/C-20170511-00095 (“Petition”); *See Opposition To Petition To Deny By The Wright Petitioners, Citizen United For Rehabilitation Of Errants, Prison Policy Initiative, Human Rights Defense Center, The Center For Media Justice, Working Narratives, United Church Of Christ, OC, Inc., and Free Press*, dated June 16, 2017, WC Docket 17-126; ITC-T/C-20170511-00094; ITC-T/C-20170511-00095, filed June 26, 2017 (“Opposition”); *Reply To Opposition By The Wright Petitioners, Citizen United For Rehabilitation Of Errants, Prison Policy Initiative, Human Rights Defense Center, The Center For Media Justice, Working Narratives, United Church Of Christ, OC, Inc., and Free Press*, dated June 16, 2017, WC Docket 17-126; ITC-T/C-20170511-00094; ITC-T/C-20170511-00095 (“Reply”)

<sup>3</sup> FCC Public Notice, “*Applications Granted for the Transfer of Control of the Operating Subsidiaries of Securus Technologies Holdings, Inc. to Securus Investment Holdings, Inc.*,” DA 13-261, 28 FCC Rcd 5720 (Wireline Compet. Bur. and Int’l. Bur. 2013).

<sup>4</sup> *See Notice of Domestic Section 214 Authorization Granted*, WC Dkt No. 11-184, Public Notice, 26 FCC Rcd 16410 (Wireline Compet. Bur. 2011).

market (i.e., no combination of competitors). The transferee is not even in this line of business.

3. **Transferee Is Unquestionable Qualified** – No questions have been raised concerning the qualifications of the proposed transferee to hold or control a Commission authorization. Platinum Equity has previously controlled several FCC-regulated entities with the approval of the Commission.

4. **STI Compliance Record Justifies Approval Of The Application** – STI has never been the subject of an Enforcement Bureau order, citation or Notice of Liability and has never been found to be in violation of any substantive FCC rule or regulation.

5. **The Petitioners' Compliance Allegations Are Exclusively Based On Intrastate Rate Structures** – The Petitioners' allegations about STI's compliance with rule sections 64.6080 (per-call or per-connection charges) and 64.6090 (flat rate calling) are exclusively based on intrastate ICS rates. A current majority of the Commission has not supported FCC jurisdiction over intrastate ICS rates and the Commission refused to defend such jurisdiction before the United States Court of Appeals for the District of Columbia Circuit ("DC Circuit"). That Court recently agreed with that position.<sup>5</sup>

6. **STI Did Not Violate Rules On Flat Rate or Per-Call Charges** – Even assuming these provisions had applied to intrastate ICS rates, Securus did not violate them. None of the rate structures questioned involved a "single fee" (i.e., a flat rate) for an ICS call. All calls were on a per-minute basis and the rules did not require equal per-minute charges, particularly when all intrastate rate caps had been stayed by the DC Circuit before the rules even went into effect.

7. **States Continue To Play A Role In ICS Rates** – Fourteen states where STI operates impose rate caps. Six other states have tariffing requirements. Correctional facility customers themselves can exert downward pressure on rates.

8. **Other Grounds For Delay Or Denial Are Without Merit** – For the reasons set out in the Applicants' Opposition, among others, the Petitioners' other grounds for denial or delay are without merit.

9. **Damaging Impact Of Delaying Transaction** – As reflected in Applicants' Opposition, ongoing delay in action on the Application would result in additional costs, potential loss of financing and higher interest rates and could ultimately lead to termination of the Transaction and loss of the substantial benefits thereof in terms of, for example, service enhancements.

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<sup>5</sup> *Global Tel\*Link v. F.C.C.*, No. 15-1461, Slip Op., (D.C. Cir. June 13, 2017), at 28 ("DC Circuit Decision").

10. **Positive ICS Marketplace Developments** – Mr. Reinhold added that the FCC’s efforts, led by Commissioner Clyburn, have had a genuine effect on rates, including intrastate rates, in the ICS marketplace. For example, he cited the following: (a) STI’s average per-minute ICS call rate across all facilities/calls had dropped 72% in the last 7 years, (b) STI’s current average per-minute rate across all facilities/calls is now \$0.18, (c) recent analysis indicates that the average inmate spends approximately \$32 per month on ICS and (d) correctional facilities are more cautious about demanding high rates.

At the conclusion of each meeting Mr. Reinhold quickly reviewed the attached summary which was provided to attendees.

Should you have any questions concerning the foregoing request, please contact the undersigned.

Respectfully submitted,



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cc: Madeleine Findley  
Daniel Kahn  
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Sherwin Siy  
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Kristine Fargotstein  
David Krech  
Sumita Mukhoty  
Jim Bird  
Lee G. Petro  
William B. Wilhelm

## Reasons the FCC Should Approve the Securus Transfers of Control

- **Simple Transaction** – Indirect transfer of control from one equity fund to another equity fund;
- **No Potential for Harm** – No market concentration, no monopoly, no rate increases or contract changes, transparent to customers;
- **In the Public Interest** – Securus will have access to additional funds, with investor that understands communications sector;
- **Petitioners Filed Late and Did Not Meet Petition to Deny Requirements;**
- **Delay Will Increase Securus' Costs/Risks**
  - Debt Financing Risk
  - Interest Rate Increase
  - Platinum Could Terminate Transaction
  - Debt Cost Increase
  - Bank Fee Increases
  - Technology Acquisition on Hold
  - Financial Markets Could Shut Down
- **Petition to Deny is Misplaced and Without Merit** – Opposition to approval primarily based on protest of intrastate rates outside of FCC's regulatory jurisdiction.

**Securus respectfully requests that the Commission dismiss or deny Petitioners' Petition to Deny and grant Securus' transfer of control applications.**