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VIA ECFS AND IBFS

August 11, 2017

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

Re: **Notice of Ex Parte[1] – WC Docket No. 17-126; ITC-T/C-20170511-00094; ITC-T/C-20170511-00095 - 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 "STI")[2]; Paul C. Besozzi and Koyulyn K. Miller, counsel to STI; and William Wilhelm, counsel for SCRS Acquisition Corporation ("SCRS") (collectively, STI and SCRS are the "Applicants"), met with several Federal Communications Commission ("FCC" or "Commission") staff regarding the pending request for approval of the indirect transfer of control of STI's domestic and international Section 214 authority[3] through a parent-level transaction ("Transaction"). The primary

[1] Undersigned counsel submit this Notice of Ex Parte pursuant to Section 1.1206(b) of the Commission's rules. 47 C.F.R. § 1.1206(b).

[2] Securus Technologies, Inc. is individually referred to herein as "Securus."

[3] *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*

purpose of the meetings was to stress the need for expeditious approval of the pending Joint Application, as well as to discuss certain issues raised by the Wright Petitioners ("Petitioners")[4] in previous ex parte submissions.[5]

Specifically, on August 9, 2017, Messrs. Reinhold, Besozzi, and Wilhelm, and Ms. Miller met with Madeleine Findley, Deputy Chief, Wireline Competition Bureau, as well as staff in the Competition Policy Division of the Wireline Competition Bureau: Daniel Kahn, Division Chief; Sherwin Siy, Special Counsel; and Dennis Johnson, Attorney Advisor.

July 26, 2017 Letter From Deutsche Bank, ABRY Partners And Richard A. Smith, CEO and Chairman of Securus Technologies, Inc.

First, we further addressed Petitioners' assertions that the CEO and Chairman of Securus Technologies, Inc., Richard A. Smith, misrepresented the facts in a letter dated July 26, 2017, stating that the Applicants had "all necessary State/PSC/PUC approvals."[6] We further note that the letter was from Deutsche Bank, ABRY Partners and Mr. Smith, (the "DB-ABRY-Smith Letter"), not just from Mr. Smith. Consistent with Applicants' August 4, 2017 Ex Parte Submission, we reiterated that when the DB-ABRY-Smith Letter referenced "all *necessary* State/PSC/PUC approvals," Deutsche Bank, ABRY and Richard Smith were

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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) ("Joint Application").

[4] *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").

[5] *See, e.g.,* Wright Petitioners Notice of Ex Parte (filed Aug. 5, 2017) ("Petitioners' Aug. 5 Ex Parte").

[6] Letter from Deutsche Bank, ABRY Partners and Richard A. Smith, CEO and Chairman, Securus Technologies, Inc., to the Honorable Ajit Pai, Chairman, Federal Communications Commission, dated July 26, 2017.

specifically referring to *pre-closing contractual provisions set forth on Schedule 7.1(b) to the Stock Purchase Agreement* and all of the State/PSC/PUC approvals listed thereon that were *necessary to close the transaction.* Indeed, in the very next sentence the letter clearly states that "[a]ll *approvals to close* are now completed" with the exception of the FCC (emphasis added). In other words, Deutsche Bank, ABRY and Mr. Smith were focusing just on the approvals which, per the Stock Purchase Agreement, *must be obtained prior to closing.*[7] To demonstrate that this was not a "new *post-hoc* rationalization," as Petitioners alleged, Applicants provided a copy of the relevant schedules from the April 29, 2017 Stock Purchase Agreement ("SPA"), which are included at Attachment 1, listing those individual state jurisdictions that, per the SPA, must provide approval before the transaction could be closed.[8]

We submit the DB-ABRY-Smith Letter was plainly not, and was not intended to be, a detailed, granular, legal description or overview of the regulatory status of the proceeding. Rather, it was on its face a half-page, essentially six sentence, personal and informal note from Deutsche Bank, ABRY Partners senior executives and Securus's CEO and Chairman with a plea to provide the required FCC approval. The letter was drafted by and sent from bankers and businessmen, whose focus and perspective was necessarily and reasonably so on the agreed-upon enumerated requirements necessary to close as set forth in the SPA. Each of them knew that the discrete states set forth on Schedule 7.1(b) to the SPA were the only state approvals that were an express condition to closing as described in the SPA. (As is commonplace in telecom carrier transfers, the parties often stipulate that certain, but not all regulatory approvals are necessary predicates to close. That is the underlying reason for the Schedule. Otherwise, there would be no need to delineate, on one hand, those states necessary and, on the other hand, those states not expressly necessary as closing conditions.)

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[7] With respect to Pennsylvania, we reiterated the clarification previously provided in the meeting of July 27 and the Notice of Ex Parte filed July 31 that, as of the date of the DB-ABRY-Smith Letter, only one component of two Pennsylvania approvals had been obtained, while Mr. Smith mistakenly thought that all Pennsylvania approvals had been issued. The second Pennsylvania approval was issued, however, by July 31, 2017, when the ex parte entering the DB-ABRY-Smith letter into the docket was filed.

[8] We note that the FCC has already approved the indirect transfer of control of CellBlox Acquisitions, LLC ("Cellblox"), a subsidiary of STI that holds certain spectrum leases for the provision of managed access service against contraband cellphones. Universal Licensing System File Nos. 0007778937, 0007820181. Also pending, subject to approval of the Joint Application by the Wireline Competition Bureau and International Bureau, is an application pending with the Office of Engineering and Technology to approve indirect transfer of control of CellBlox with respect to certain special temporary authorizations used by Cellblox to provide such services. Approval of this application will of course be obtained prior to any closing. FCC File No. 0017-EX-TU-2017.

Alaska and California Regulatory Approvals

Second, we reviewed with Commission Staff the status and prior experience with state approvals in Alaska and California. With respect to the former, we provided copies of Regulatory Commission of Alaska orders from prior similar indirect transfers of control, which are Attachment 2. Despite speculation to the contrary, there was no contractual obligation in the SPA or on Schedule 7.1(b) to have approval of the transaction from Alaska or California prior to closing, nor were there any statements whatsoever made by Applicants that they had obtained approval from either Alaska or California. In addition, we reiterated that at the time the California application for transfer of control was filed, STI was even then only providing a de minimis level of intrastate services then subject to regulation by the state. Since that time, Securus has ceased selling these regulated intrastate services in California. Under Sections 239 and 710 of the California Public Utilities Code, STI is a provider of Internet Protocol-enabled services in California over which the Public Utilities Commission has limited jurisdiction.

Alleged Privacy Issues – THREADS and LBS

Third, we discussed Petitioners' further speculation that Applicants may have somehow misrepresented to the FCC when they stated "there are no consumer privacy concerns or issues with Securus' proprietary THREADS and Location Based Service ("LBS") products; nor are they aware of any violations of Section 222 of the Communications Act as Petitioner asserts."[9]

In Petitioners' Aug. 5, 2017 Ex Parte, Petitioners asserted that they "brought to the Commission's attention pending criminal and civil cases centered on the use of Securus' Location Based Service to violate Section 222 of the Communications Act, for which an employee of Securus was ordered to travel from Dallas, Texas, to Mississippi County, Missouri, to address."

We submit that this statement is blatantly false. Petitioners should have reasonably known that there is no criminal or civil case centered on the use of Securus's LBS. Rather, the Missouri case cited by Petitioners is centered on illegal surveillance by the rogue sheriff who was misusing STI's LBS software.

Petitioners mischaracterize the facts and try to paint the inaccurate picture that Securus was somehow implicated in criminal behavior because Securus was "ordered to have [its] employee show up." What actually transpired was that Securus was contacted by the Missouri Attorney General's Office for assistance with its investigation. As is Securus's normal practice to provide a basis for providing the information, Securus required a subpoena from the Missouri Attorney General for its document custodian to testify in this

[9] Petitioners' Aug. 5 Ex Parte at 2.

case involving alleged wrongdoing by a local sheriff. (See Attachment 3). Providing a Securus employee to authenticate documents in cases is something that Securus routinely does many times per year. The document custodian that Securus provided in response to the subpoena was someone who was familiar with the documents needing to be authenticated. Indeed, the Missouri Attorney General's office reached out and thanked Securus for this assistance with its case. (See Attachment 4). Securus was not otherwise involved in the case or accused of doing anything wrong.

As we discussed, we remain unaware of how the misuse of STI's product by a non-common carrier (law enforcement personnel) using the software in an illegal, unsanctioned manner could possibly result in a Section 222 violation. We noted in that regard the Petitioners' statement in the Petitioners' Aug. 5 Ex Parte that "the Wright Petitioners did not assert that Securus violated Section 222."[10]

Finally, we also discussed the various requirements and procedures applicable to the use of LBS and THREADS software, including notices given to called parties before calls are accepted, legal authorizations where required, restrictions on personnel using this software.

Additional Documentation Requested By Or Shown To FCC Staff

In addition to the foregoing referenced documents that are being provided with this Notice, at the express request of the Commission Staff, we have provided (a) a list of the jurisdictions in which STI is currently providing inmate calling services, (b) copies of the various state approvals obtained as of August 1, and (c) a copy of the relevant Stock Purchase Agreement. These are Attachments 5-7.

During the course of the meeting the Commission staff was shown a Twitter message from Petitioners' counsel, in which Petitioners' counsel is distributing a screen shot of Securus's financials that Securus had filed with the Alabama PUC. That message is Attachment 8.

Finally, Applicants respectfully requested that the transfer be approved as expeditiously as possible and thanked the Staff for their efforts to date in seeking to resolve this matter.

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[10] Petitioners' Aug. 5 Ex Parte at 2.

Respectfully submitted,

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Counsel for Securus Investment Holdings, LLC; Securus Technologies, Inc.; T-NETIX, Inc.; and T-NETIX Telecommunications Services, Inc.

cc: Chairman Ajit Pai
Commissioner Mignon Clyburn
Commissioner Michael O'Rielly
Brendan Carr, General Counsel
Kris Monteith, Chief, Wireline Competition Bureau
Tom Sullivan, Chief, International Bureau
Jay Schwarz, Office of Chairman Pai
Kristine Fargotstein, Office of Chairman Pai
Jim Bird, Office of General Counsel
Madeleine Findley, Wireline Competition Bureau
Daniel Kahn, Wireline Competition Bureau
Jodie May, Wireline Competition Bureau
Sherwin Siy, Wireline Competition Bureau
Dennis Johnson, Wireline Competition Bureau
Tracey Wilson, Wireline Competition Bureau
David Krech, International Bureau
Sumita Mukhoty, International Bureau
Lee G. Petro, Counsel for Petitioners
William B. Wilhelm, Counsel for Transferee.

Attachment 1
Schedules

SCHEDULES

to

STOCK PURCHASE AGREEMENT

by and among

SECURUS INVESTMENT HOLDINGS, LLC,

CONNECT ACQUISITION CORP.,

and

SCRS ACQUISITION CORPORATION

DATED AS OF APRIL 29, 2017

Schedule 6.3
Money Transmitter Consents

Applications or Notices need to be filed in a total of 48 U.S. jurisdictions where JPay Inc. is licensed as a money transmitter.

Formal Applications and Approvals:

1. Alaska
2. Arizona
3. Arkansas
4. California
5. Colorado
6. Delaware
7. D.C.
8. Florida
9. Georgia
10. Hawaii
11. Illinois
12. Iowa
13. Kansas
14. Kentucky
15. Louisiana
16. Maryland
17. Michigan
18. Minnesota
19. Mississippi
20. Nevada
21. New Jersey
22. New Mexico
23. New York
24. North Carolina
25. North Dakota
26. Ohio
27. Oklahoma
28. Puerto Rico
29. South Dakota
30. Texas
31. Vermont
32. Virginia
33. Washington
34. Wyoming
35. South Carolina

Notice States:

1. Alabama
2. Connecticut
3. Idaho
4. Maine
5. Nebraska
6. New Hampshire
7. Missouri
8. Oregon
9. Pennsylvania
10. Rhode Island
11. Tennessee
12. Utah
13. West Virginia
14. Wisconsin

Schedule 7.1(b)
Required Consents

Money Transmitter Approvals:

1. Approvals shall have been granted by each of the Money Transmitter Filing States.
2. No Money Transmitter Notice State shall have issued a formal letter of objection to the Group Companies with respect to the transaction contemplated hereby.

Federal Communications Commission Approvals:

1. Securus International Section 214 Authorization
2. T-Netix International Section 214 Authorization
3. Securus Domestic Section 214 Authorization
4. T-Netix Domestic Section 214 Authorization
5. T-Netix Telecommunications Domestic Section 214 Authorization

State Public Utility Commission Approvals:

1. Georgia
2. Minnesota
3. Pennsylvania
4. New York

Attachment 2
RCA Orders

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners: T.W. Patch, Chairman
Kate Giard
Paul F. Lisankie
Robert M. Pickett
Janis W. Wilson

In the Matter of the Application for Approval for Connect Acquisition Corp. to Acquire an Indirect Controlling Interest in SECURUS TECHNOLOGIES, INC., Holder of Certificate of Public Convenience and Necessity No. 461

U-11-65

ORDER NO. 2

ORDER APPROVING APPLICATION AND CLOSING DOCKET

BY THE COMMISSION:

Summary

We approve the application filed by Securus Holdings, Inc. (Securus Holdings) and Connect Acquisition Corporation (Connect) allowing Connect to acquire a controlling interest in Securus Technologies, Inc. (Securus), holder of Certificate of Public Convenience and Necessity (Certificate) No. 461. We close this docket.

Background

Securus Holdings, an intermediate parent corporation of Securus, and Connect filed an application for Connect to acquire a controlling interest in Securus.[1] Securus Holdings and Connect (collectively, the Applicants) also filed a petition for confidential treatment of certain competitively sensitive information;[2] a motion for a

[1] *Application for Approval of Acquisition of Controlling Interest in Securus Technologies, Inc., Holder of CPCN 461,* filed May 16, 2011 (Application).

[2] *Petition for Confidential Treatment of Certain Competitively Sensitive Information*, filed May 16, 2011.

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waiver of the requirement that Connect provide proof of registration as a foreign corporation doing business in Alaska;[3] and a request for expedited treatment of the Application.[4] We issued public notice with comments due by June 13, 2011.[5] We received no comments. We granted the petition for confidential treatment, motion for waiver, and request for expedited consideration.[6] The Applicants supplemented their Application and responded to Commission Staff's request for additional information.[7] The Applicants also submitted information regarding their bond documents.[8]

Discussion

We treat applications to acquire a controlling interest in a regulated public utility as a form of transfer of certificate, which is governed by AS 42.05.281.[9] That statute states that a certificate may not be sold or leased, rented, transferred, or inherited without our prior approval. When evaluating an application to acquire a controlling interest in a regulated public utility we must determine whether the proposed transfer is in the public interest under the criteria for certification set forth in AS 42.05, specifically whether Securus will remain fit, willing, and able to provide utility services

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[3] *Motion and Memorandum for Waiver,* filed May 16, 2011 (Waiver Motion).

[4] Application at 7.

[5] *Notice of Utility Application,* dated May 20, 2011.

[6] Order U-11-65(1), *Order Granting Petition for Confidential Treatment, Granting Motion for Waiver, Granting Request for Expedited Consideration, Addressing Statutory Timeline, Designating Commission Panel, and Appointing Administrative Law Judge,* dated July 13, 2011.

[7] Correspondence from M. Brown, filed August 17, 2011 (Supplemental Information).

[8] *Notice of Filing Original Bond Rider Documents,* filed September 19, 2011 (Bond Information).

[9] Order U-84-67(4), *Order Granting Application Subject to Terms and Conditions,* dated April 2, 1985, at 13-15; Order U-07-143(6)/U-07-152(6)/U-07-153(6)/U-07-154(6)/U-07-155(6)/U-07-156(6)/U-07-157(6)/U-07-158(6), *Order Finding Motion for Expedited Treatment Moot, Approving Applications for Authority to Acquire Controlling Interest Effective Upon Closing, and Requiring Filings,* dated April 7, 2008, at 6.

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and whether the services continue to be required for the convenience and necessity of the public at the completion of the merger.

Securus Holdings and Connect Merger

On April 8, 2011, the Applicants executed an Agreement and Plan of Merger (Merger Agreement) which resulted in Connect obtaining indirect control of Securus through a series of holding companies.[10] At the conclusion of the merger, Securus became an indirect wholly owned subsidiary of Connect, which is a controlled affiliate of Castle Partners V, L.P. (Castle Partners).[11] The merger became effective on May 31, 2011.[12]

The Merger Agreement does not affect the intercorporate ownership relationship between Securus and its direct and indirect parent corporations and has no direct impact on the customers of Securus.[13] All business in Alaska will continue to be conducted by Securus, under Certificate No. 461.[14]

Fit, Willing, and Able

Managerial Fitness

The Applicants state Securus' existing management team will continue to operate the utility upon completion of the merger.[15] The Applicants further state there

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[10] Application, Ex. 3.

[11] *Id.* at 4. Castle Partners is a private investment limited partnership managed by Castle Harlan, Inc., a New York based private equity firm. Waiver Motion at 2.

[12] Supplemental Information, *Certificate of Merger of Connect Merger Corp. Into Securus Holdings, Inc.*

[13] Securus' direct parent corporation is Securus Technologies Holdings, Inc., which owns 100 percent of Securus' stock. Securus Technologies Holdings, Inc. in turn is owned by Securus Holdings and is the indirect parent corporation of Securus. Application at 3.

[14] Waiver Motion at 2.

[15] Application at 5.

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will be no changes to the rates, terms, and conditions of service currently provided by Securus or any changes in the day-to-day management of the utility.[16]

We verified Securus' compliance with regulatory cost charge (RCC) reporting and payment obligations in accordance with 3 AAC 47.050 and 3 AAC 47.060. We found that over the past two years, Securus has timely filed its RCC annual and quarterly reports to us.

Based upon the information provided by the Applicants, we find that Securus is managerially fit to continue to provide intrastate interexchange telecommunications services in Alaska.

Technical Fitness

Securus provides non-facilities based intrastate interexchange telecommunications services to all Alaska Department of Corrections facilities. The utility serves approximately 2,400 correctional facilities and 850,000 inmates nationwide, with a specialization in the area of correctional communities.[17] In Alaska, the utility provides inmate operator services through a premised-based system known as a Digital Call Manager.[18]

Securus provides service in Alaska by connecting its premise-based call management equipment to the public switched network via trunks and local exchange lines owned and furnished by GCI Communication Corporation d/b/a General Communication, Inc. and GCI.[19] Securus has a current Alaska business license[20] and

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[16]Application at 2.

[17]*Application,* filed December 15, 2010, at 4, in Docket U-10-96 (U-10-96 Application).

[18]*Id.* at 4.

[19]Supplemental Information at 2.

[20]Application, Ex. 6.

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registered agent in the State.[21] Based upon the record presented, we find that Securus is technically fit to continue to provide intrastate interexchange telecommunications services in Alaska.

Financial Fitness

According to the Applicants, the merger transaction between Securus Holdings and Connect will be financed, in part, through financing obtained by Connect, which will permit borrowing through several credit facilities of up to $375 million, which will also be available for working capital.[22] The merger will also provide Securus with access to the substantial resources of Castle Partners, which is managed by the investment firm Castle Harlan, Inc. (Castle Harlan).[23] Castle Harlan specializes in investments in the buyout and development of middle market companies. The company includes a team of 18 investment professionals, with over 50 completed acquisitions over the past 14 years.[24]

As an indirect parent corporation of Securus, Securus Holdings provides its consolidated financial information annually in compliance with our annual reporting requirements.[25] In 2010, Securus Holdings reported a net operating income of $27,766 (dollars in thousands), which included $330,052 in revenues and $302,286 in operating costs and expenses.[26] Securus Holdings' financial information also indicated that the company retired a portion of its long-term liabilities, while only slightly increasing its total

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[21]U-10-96 Application at 2.

[22]Application at 6.

[23]*See Id.* at 2.

[24]*Id.* at 4.

[25]*See* 3 AAC 52.390(m).

[26]*Annual Report of Evercom Systems, Inc., CPCN: 461 to the Regulatory Commission of Alaska for the Year Ended December 31, 2010*, filed April 4, 2011 (2010 Annual Report), at 74.

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long-term debt.[27] We calculated a current debt ratio of 1.75 for Securus Holdings, which indicates that the company has the ability to meet its short-term obligations with its current assets.[28]

We find that the Applicants have demonstrated Securus' financial ability to continue to provide intrastate interexchange telecommunications services in Alaska.

Public Interest

A public interest determination for a transfer of a controlling interest includes consideration of whether the services provided by a public utility continue to be required for the convenience and necessity of the public and whether the transfer of the certificate will adversely affect customers.[29] Securus provides service to correctional facilities within the State.[30] The utility states it has been a leading provider in the inmate telecommunications field and provides specialized services to its customers, including the development of software and hardware for the corrections industry.[31]

Securus is the only telecommunications provider in Alaska to offer these particular types of services. The service offerings made available by Securus are essential to ensuring that Alaskan inmates have access to telecommunication services and are required for the continued convenience and necessity of the public.

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[27]2010 Annual Report at 73.

[28]The current debt ratio is calculated by dividing a company's current assets by its current liabilities. Securus Holdings's current ratio of 1.75 is arrived at by dividing its total assets of $86,160 by its total liabilities in the amount of $49,223. *See* 2010 Annual Report at 73.

[29]*See* Order U-04-58(1), *Order Granting Expedited Treatment, Approving Application for Authority to Acquire Controlling Interest, Granting Request for Confidentiality, and Closing Docket,* dated August 26, 2004, at 4.

[30]Tariff of Securus Technologies, Inc., Tariff Sheet No. 1.

[31]U-10-96 Application, Ex. 6.

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The Applicants state that the acquisition of a controlling interest in Securus will not result in any assignment or transfer of Certificate No. 461 currently held by the utility.[32] All business in Alaska will continue to be conducted by Securus under Certificate No. 461,[33] and there will be no changes to the rates, terms, and conditions of service currently provided by Securus or any changes to the day-to-day management of Securus.[34] Accordingly, we find the utility services being offered by Securus continue to be required for the convenience and necessity of the public. The acquisition does not adversely affect Securus' customers. Based on this record, we find that the acquisition to be in the public interest.

Bond Requirement

We require telecommunication providers that do not own facilities in Alaska and provide prepaid phone card service to post a surety bond.[35] We have found that bonds of this nature are required for the sole purpose of customer repayment in the event prepaid service is not delivered in accordance with a utility's tariff.[36]

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[32]Application at 2.

[33]Waiver Motion at 2.

[34]Application at 2.

[35]*See* Order U-99-45(1), *Order Approving Application, Subject to Conditions, and Approving Tariff, Subject to Conditions,* dated February 10, 2000, as corrected by *Errata Notice to Order No. 1, entitled Order Approving Application, Subject to Conditions, and Approving Tariff, Subject to Conditions,* at 3; Appendix at 6-7.

[36]*See Id.* at 2.

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Securus provides prepaid calling card services in Alaska.[37] In addition, Securus does not provide any of its services through its own facilities.[38] We required Securus to file and maintain a $5,000 bond to protect customers who may be required to prepay for service.[39]

Securus' predecessor submitted a $5,000 bond to us effective January 13, 2008.[40] The Applicants have submitted a bond rider, which extended the bond coverage to Securus.[41] According to the documents submitted, the bond may be cancelled only after thirty days written notice has been provided to us.[42]

We accept the bond rider submitted by the Applicants, on behalf of Securus, in compliance with our prepaid customer refund requirements. We require Securus to maintain its $5,000 bond to be used solely for the purpose of customer refunds.

Approval of Application

The Applicants have demonstrated that Securus is fit, willing, and able to continue to provide intrastate interexchange service to correctional facilities in Alaska, upon completion of acquisition contemplated in this proceeding. The Applicants have also demonstrated their acquisition of Securus is consistent with the public interest.

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[37]Tariff of Securus Technologies, Inc., Tariff Sheet No. 43.

[38]Supplemental Information at 2.

[39]Order U-02-113(3)/U-03-104(1), *Order Approving Application Subject to Conditions, Finding Request for Expedited Treatment Moot, Granting Waivers, Amending Docket Title, Opening Docket of Investigation and Requiring Filings,* dated December 9, 2003, at 3; Order U-04-69(5), *Order Approving Application Subject to Conditions, Addressing Request for Expedited Treatment, Granting Waivers, and Closing Docket,* dated October 24, 2005, at 3.

[40]Bond Information, Correspondence from P. Ninan.

[41]*Id.*, Correspondence from V. Lacy.

[42]*Id.*

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Therefore, we approve the Application filed by Securus Holdings and Connect to acquire controlling interest in Securus.

The approval of the acquisition of a controlling interest in Securus does not change the utility's existing obligations under our previous orders or applicable law. These requirements include maintaining a $5,000 bond to be used solely for the purpose of customer refunds, continuing to comply with RCC reporting and payment obligations,[43] and annual financial report filing requirements.

Final Order

This order constitutes the final decision in this proceeding. This decision may be appealed within thirty days of the date of this order in accordance with AS 22.10.020(d) and the Alaska Rules of Court, Rules of Appellate Procedure, Rule 602(a)(2). In addition to the appellate rights afforded by the aforementioned statute, a party may file a petition for reconsideration in accordance with 3 AAC 48.105. In the event such a petition is filed, the time period for filing an appeal is then calculated in accordance with Alaska Rules of Court, Rules of Appellate Procedure, Rule 602(a)(2).

Docket Closure

No substantive or procedural matters remain in this proceeding, and there are no allocable costs under AS 42.05.651 and 3 AAC 48.157. Accordingly, we close this docket.

[43]Our records and those of the Department of Revenue indicate that Securus appears to be current with its RCC payment obligations and reports.

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ORDER

THE COMMISSION FURTHER ORDERS:

1. The *Application for Approval of Acquisition of Controlling Interest in Securus Technologies, Inc., Holder of CPCN 461,* filed May 16, 2011, by Securus Holdings, Inc. and Connect Acquisition Corporation is approved.

2. Docket U-11-65 is closed.

DATED AND EFFECTIVE at Anchorage, Alaska, this 1st day of November, 2011.

BY DIRECTION OF THE COMMISSION
(Commissioners Robert M. Pickett and Janis W. Wilson,
not participating.)

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners: T.W. Patch, Chairman
Paul F. Lisankie
Robert M. Pickett
Norman Rokeberg
Janis W. Wilson

In the Matter of the Application Filed by Securus Investment Holdings, LLC and Connect Acquisition Corp. to Acquire an Indirect Controlling Interest in SECURUS TECHNOLOGIES, INC., Holder of Certificate of Public Convenience and Necessity No. 461	U-13-016 ORDER NO. 2

ORDER APPROVING APPLICATION AND CLOSING DOCKET

BY THE COMMISSION:

Summary

We approve the application filed by Securus Investment Holdings, LLC (Securus Investment Holdings) and Connect Acquisition Corp. (Connect) allowing Securus Investment Holdings to acquire an indirect controlling interest in Securus Technologies, Inc. (Securus Technologies), holder of Certificate of Public Convenience and Necessity (Certificate) No. 461. We close this docket.

Background

Securus Investment Holdings and Connect (collectively, the Applicants) jointly filed an application for Securus Investment Holdings to acquire an indirect controlling interest in Securus Technologies.[1] The Applicants also filed a petition for confidential treatment, a request for a waiver of a filing requirement, and a request for

[1] *Application for Approval of Acquisition of Controlling Interest in Securus Technologies, Inc., Holder of CPCN 461*, filed March 26, 2013 (Application), at 1.

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expedited treatment of the Application, all of which we granted.[2] We issued public notice of the Application on April 1, 2013. We received no comments. Securus Investment Holdings and Connect supplemented the Application and responded to Commission Staff's request for additional information.[3]

Discussion

We treat applications to acquire a controlling interest in a regulated public utility as a form of a transfer of a certificate governed by AS 42.05.281.[4] AS 42.05.281 states that "[a] certificate may not be sold or leased, rented, transferred or inherited without prior approval from [us.]" When evaluating an application to acquire a controlling interest in a regulated public utility we must determine whether the applicant seeking to acquire controlling interest is fit, willing, and able and whether the proposed transfer is in the public interest under the criteria for certification set forth in AS 42.05. We must also determine whether or not Securus Technologies, after the acquisition, will remain fit, willing, and able to continue to provide utility services and whether the services continue to be required for the public convenience and necessity.

Securus Investment Holdings and Connect Merger

Securus Investment Holdings and Connect executed an Agreement and Plan of Merger (Merger Agreement) resulting in Securus Investment Holdings obtaining direct control of Connect.[5] After the merger, Securus Technologies became an indirect

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[2]Order U-13-016(1), *Order Granting Petition for Confidential Treatment, Granting Motion for Waiver, Granting Request for Expedited Consideration, Addressing Statutory Timeline, Designating Commission Panel, and Appointing Administrative Law Judge*, dated May 22, 2013 (Order U-13-016(1)).

[3]Correspondence from B. M. LaPorte, filed July 3, 2013 (July 3 Supplemental Filing); Correspondence from B. M. LaPorte, filed July 24, 2013 (July 24 Supplemental Filing); Correspondence from B. M. LaPorte, filed August 14, 2013.

[4]Order U-11-065(2), *Order Approving Application and Closing Docket*, dated November 1, 2011 (Order U-11-065(2)), at 2; Order U-12-005(5), *Order Approving Joint Application for Authority to Acquire Controlling Interest in ENSTAR Natural Gas Company and Alaska Pipeline Company*, dated August 14, 2012, at 10.

[5]July 3 Supplemental Filing.

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wholly owned subsidiary of Securus Investment Holdings, a majority controlled subsidiary of ABRY Partners VII, L.P. (ABRY Partners).[6] The merger became effective on April 30, 2013.[7]

The Merger Agreement does not affect the intercorporate ownership relationship between Securus Technologies and its direct and indirect parent corporations and has no direct impact on the customers of Securus Technologies.[8] All business in Alaska will continue to be conducted by Securus Technologies, under Certificate No. 461.[9]

Fit, Willing, and Able

Managerial Fitness

Securus Investment Holdings is a new limited liability company formed solely for the purposes of the proposed transaction. Founded in 1989, ABRY Partners, the majority owner of Securus Investment Holdings, has been in the business of private equity investment in the broadcast, media, communications, business, and information services industries.[10] The Applicants state Securus Technologies' existing management team would continue to operate the utility upon completion of the merger.[11] The Applicants further state there will be no changes to the rates, terms, and

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[6] July 3 Supplemental Filing.

[7] July 24 Supplemental Filing, Certificate of Merger.

[8] Securus Technologies' direct parent corporation is Securus Technologies Holdings, Inc., which owns 100 percent of Securus Technologies' stock. Securus Technologies Holdings, Inc. in turn is owned by Securus Holdings, Inc. Connect owns Securus Holdings, Inc. making it an indirect parent corporation of Securus Technologies. Application at 4.

[9] *Motion and Memorandum for Waiver*, filed March 26, 2013 (Waiver Motion), at 2.

[10] Application 5-6.

[11] Application at 5.

conditions of service currently provided by Securus Technologies or any changes in the day-to-day management of the utility.[12]

We verified Securus Technologies' compliance with the regulatory cost charge (RCC) reporting and payment obligations in accordance with 3 AAC 47.050 and 3 AAC 47.060. We found that over the past two years, Securus Technologies has timely filed its RCC annual and quarterly reports with us.

Based upon the record, we find that Securus Investment Holdings and Securus Technologies are managerially fit to provide intrastate interexchange telecommunications services in Alaska.

Technical Fitness

The acquisition of the controlling interest in this proceeding involves a parent-level merger transaction.[13] The Applicants will primarily provide financial resources to Securus Technologies.[14] The current management team of Securus Technologies will continue to operate the utility after completion of the transaction.[15] Securus Technologies provides non-facilities based intrastate interexchange telecommunications services to all Alaska Department of Corrections (DOC) facilities.[16] The utility serves approximately 2,200 correctional facilities nationwide.[17] In Alaska, Securus Technologies provides one-way outgoing, collect call, automated inmate operator services to DOC facilities through a premises based call management system.[18] Securus Technologies provides service in Alaska by connecting its premise-based call management equipment to the public switched network via trunks and local

[12]Application at 2; Waiver Motion at 2.

[13]Application at 1-2.

[14]*See* Application at 2.

[15]Application at 5; Waiver Motion at 2.

[16]July 24 Supplemental Filing at 2.

[17]July 24 Supplemental Filing at 1.

[18]July 24 Supplemental Filing, Securus Alaska DOC System Operation.

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exchange lines owned and furnished mainly by "GCI and ACS."[19] Securus Technologies has a current Alaska business license.[20] Based upon the record presented, we find that Securus Technologies is technically fit to continue to provide intrastate interexchange telecommunications services in Alaska.

Financial Fitness

Securus Investment Holdings was formed to facilitate the merger proposed in this Application and as such has no historical financial information.[21] In support of the Application, Securus Investment Holdings and Connect submitted audited financial statements related to ABRY Partners. The Applicants filed Securus Technologies' annual report for year ending December 31, 2012.[22] The Applicants noted that Securus Technologies does not have separate financial statements but certain financial information related to Securus Technologies' operations in Alaska are available in the annual report.[23] The annual report indicated net operating revenue of Securus Technologies in Alaska for the period ending December 31, 2012, of $591,397.[24]

Based on the record, we find that the Applicants have demonstrated Securus Technologies' and their financial ability to provide intrastate interexchange telecommunications services in Alaska.

Public Interest

Securus Technologies provides service to correctional facilities within Alaska. The Applicants state that transfer of the indirect controlling interest in Securus

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[19] July 24 Supplemental Filing at 1-2.

[20] Application, Exhibit 6.

[21] *See Petition for Confidential Treatment of Certain Competitively Sensitive Information,* filed March 26, 2013, at 2.

[22] Application, Exhibit 3, Securus Technologies' 2012 Annual Report.

[23] Application at 6.

[24] Securus Technologies' 2012 Annual Report at 49.

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Technologies to Securus Investment Holdings will help it continue to provide services to its customers and potentially expand services at new facilities in Alaska.[25] The Applicants state that the acquisition of an indirect controlling interest in Securus Technologies will not result in any assignment or transfer of Certificate No. 461 currently held by the utility.[26] All business in Alaska will continue to be conducted by Securus Technologies under Certificate No. 461, and there will be no changes to the rates, terms, and conditions of service currently provided by Securus Technologies or any changes to the day-to-day management of Securus Technologies.[27] We find the utility services being offered by Securus Technologies continue to be required for the convenience and necessity of the public.

<u>Approval of Application</u>

The Applicants have demonstrated that Securus Investment Holdings is fit, willing, and able to acquire an indirect controlling interest and that Securus Technologies is fit, willing, and able to continue to provide intrastate interexchange service to correctional facilities in Alaska. The Applicants have further demonstrated that the utility services being offered by Securus Technologies continue to be required by the public convenience and necessity. Therefore, we approve the Application filed by Securus Investment Holdings and Connect for Securus Investment Holdings to acquire a controlling interest in Securus Technologies. The approval of the acquisition of an indirect controlling interest in Securus Technologies does not change the utility's existing obligations under our previous orders or applicable law. These requirements include maintaining a $5,000 bond to be used solely for the purpose of customer refunds, continuing to comply with RCC reporting and with payment obligations, and annual financial report filing requirements.

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[25]Application at 6-7.

[26]Application at 2.

[27]Application at 2; Waiver Motion at 2.

Final Order

This order constitutes the final decision in this proceeding. This decision may be appealed within thirty days of this order in accordance with AS 22.10.020(d) and the Alaska Rules of Court, Rules of Appellate Procedure, Rule 602(a)(2). In addition to the appellate rights afforded by AS 22.10.020(d), a party has the right to file a petition for reconsideration in accordance with 3 AAC 48.105. If such a petition is filed, the time period for filing an appeal is then calculated in accordance with Alaska Rules of Court, Rules of Appellate Procedure, Rule 602(a)(2).

Docket Closure

No substantive or procedural matters remain in this proceeding. Accordingly, we close this docket.

ORDER

THE COMMISSION FURTHER ORDERS:

1. The *Application for Approval of Acquisition of an Indirect Controlling Interest in Securus Technologies, Inc., Holder of CPCN 461*, filed March 26, 2013, by Securus Investment Holdings, LLC and Connect Acquisition Corp. is approved.

2. Docket U-13-016 is closed.

DATED AND EFFECTIVE at Anchorage, Alaska, this 17th day of September, 2013.

BY DIRECTION OF THE COMMISSION
(Commissioners Robert M. Pickett and Janis W. Wilson,
not participating.)

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Attachment 3
Subpoena

IN THE 33rd JUDICIAL CIRCUIT COURT, MISSISSIPPI COUNTY, CHARLESTON, MISSOURI

Judge or Division: Gary Kamp	Case Number: 17MI-CR00274	
Plaintiff/Petitioner: State of Missouri	Person Subpoenaed: Lance McCaskey	Plaintiff's/Petitioner's Attorney: Gregory M. Goodwin
vs.	Address: Securus Technologies, Inc. 4000 International Parkway Carrollton, TX 75007	Address: PO BOX 899 JEFFERSON CITY, MO 65102 Telephone: 573-751-7017
Defendant/Respondent: Cory Hutcheson	Requesting Party: [X] Plt./Pet. Atty [ ] Plt./Pet. [ ] Def/Resp. Atty [ ] Def./Resp.	Defendant's/Respondent's Attorney: Scott N. Rosenblum
	Address: (Of Party Checked Above) Office of MO Attorney General PO Box 899 Jefferson City, MO 65102 Telephone: 573-751-7017	Address: STE 130 120 S CENTRAL AVE CLAYTON, MO 63105 Telephone: 314-862-4332
For depositions attach a list of all attorneys of record and self-represented parties. Include the name, address and telephone number.		

(Date File Stamp)

Subpoena
Order to Appear/Produce Documents/Give Depositions

The State of Missouri to: Lance McCaskey (person subpoenaed)

You are commanded:

[X] to contact Susan Clevenger, Investigator (name) at 573-751-0338 (telephone) who will advise of time and place appearance is required.

[X] to appear at Mississippi County Courthouse, 200 N. Main Street, Charleston, MO 63834 (Division 1.) on June 20, 2017 (date), at 9:00 AM (time).

[ ] to testify on behalf of: State of Missouri.

[ ] to give depositions.

[ ] to bring the following

(Seal)

(Attach additional sheet if necessary)

May 31, 2017
Date Issued

Dettie McKenzie
Clerk

CIRCUIT COURT SEAL MISSISSIPPI COUNTY, MO

Return/Affidavit

I certify that I served this subpoena in ______________________________(County/City of St. Louis), Missouri, by:

☐ delivering a copy to the person subpoenaed ____________________ (date).

☐ reading a copy to the person subpoenaed on ____________________(date).

☐ I tendered legal fees for travel expenses per section 491.130, RSMo, in the amount of $ __________.

☑ Other: Via email

Sheriff's Fees (if applicable)

Summons	$	
Non Est	$	
Sheriff's Deputy Salary Supplemental Surcharge (Civil Cases Only-$10.00)	$________	
Mileage	$________	(______ miles @ $.______ per mile)
Total	$________	

Susan Chevenger
Person Serving Subpoena

Instructions

1. This subpoena will remain in effect until this trial is concluded or you are discharged by the Court. You must attend trial from time to time as directed. **No additional Subpoena is required for your future appearance at any trial of this case.** If you fail to appear, you may be held in contempt of court.
2. If you have any questions regarding this subpoena, contact the person who requested it listed on the front.
3. **Bring this form with you to court.** This form must be completed, signed, and returned to the clerk as soon as you have testified or been dismissed.

Witness Claim

I have served ____________________ day(s) as a witness and I traveled ________________ mile(s) round-trip from my home to the courthouse to attend this proceeding.

____
Signature

____
Current Address

____
City, State, Zip

Subscribed and sworn to before me on ______________________________ (date).

Total Claimed $ ____________________

____
Clerk

Attachment 4
AG Message

Besozzi, Paul

From: Sergent, Scott <Scott.Sergent@ago.mo.gov>
Sent: Friday, July 7, 2017 10:16 AM
To: Josh Martin
Subject: Hutcheson got bound over

Josh,

I'm not sure if anybody has communicated with you yet, but the judge bound over all of the felony counts in the Hutcheson case related to the cell phone pings. Lance's testimony was instrumental in binding the charges over. Thanks again for your help.

Best,

Scott Sergent
Assistant Attorney General
Office of the Missouri Attorney General
PO Box 899
Jefferson City, MO 65102
Phone: (573) 751-8868
Fax: (573) 751-1336
Scott.Sergent@ago.mo.gov

Attachment 5
State List

LIST OF STATES IN WHICH SECURUS TECHNOLOGIES, INC. OR T-NETIX TELECOMMUNICATIONS SERVICES, INC. ARE CURRENTLY PROVIDING INMATE CALLING SERVICES (ICS)[1]

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Connecticut
District of Columbia
Florida
Georgia
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
South Carolina
South Dakota
Tennessee
Texas
Utah
Virginia
Washington
West Virginia
Wisconsin
Wyoming

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[1] T-NETIX Telecommunications Services, Inc. only provides ICS in the State of Florida. Securus Technologies, Inc. provides ICS in Florida as well.

Attachment 6
State Approvals

Arizona
(Financing)

BEFORE THE ARIZONA CORPORATION COMMISSION

TOM FORESE
Chairman
BOB BURNS
Commissioner
DOUG LITTLE
Commissioner
ANDY TOBIN
Commissioner
BOYD DUNN
Commissioner

IN THE MATTER OF THE APPLICATION OF SECURUS TECHNOLOGIES, INC. TO ENCUMBER ASSETS.

DOCKET NO. T-03479A-17-0144

DECISION NO. 76200

ORDER

Open Meeting
July 11 and 12, 2017
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On May 16, 2017, Securus Technologies, Inc. ("STI", "Applicant" or "Company") filed an application with the Arizona Corporation Commission ("Commission") requesting approval, pursuant to Arizona Revised Statutes ("A.R.S.") § 40-285, to pledge or otherwise encumber its Arizona assets in connection with certain Financing Arrangements (defined as follows) concurrently with or following completion of the proposed transfer of indirect control of STI to SCRS Acquisition Corporation ("SCRS") via the acquisition of all the stock of Connect Acquisition Corp. ("Connect") from Securus Investment Holdings, LLC ("SIH") by SCRS ("Transaction").

2. Specifically, STI now seeks authority to pledge or otherwise encumber its Arizona assets in connection with new, amended and restated financing arrangements ("Financing Arrangements") up to an aggregate principal amount of $2.6 billion.

3. The following Company background and transaction information was provided by the Applicant.

. . .

The Applicant

4. STI is a Delaware corporation with its principal place of business at 4000 International Parkway, Carrollton, Texas, 75007. STI is wholly owned, indirect subsidiary of Connect, a Delaware corporation, which is a wholly owned, direct subsidiary of SIH, a Delaware limited liability company. The ultimate controlling interests in SIH are currently held by ABRY Partners VII, L.P. ("ABRY VII"), which is an affiliate of ABRY Partners ("ABRY"), a Boston based-investment firm focusing solely on media, communications, and business and information services investments. SCRS, SIH, ABRY VII, and ABRY do not themselves provide telecommunications services.

5. STI holds a Customer Owner Pay Telephone ("COPT") Certificate of Convenience ("CC&N") in Arizona (Decision No. 60924, dated May 22, 1998). STI is currently providing telecommunications services to a number of confinement and correctional facilities in the State of Arizona as well as in approximately forty-six (46) other states and the District of Columbia. STI is also authorized by the Federal Communications Commission to provide domestic and international telecommunications services.

The Acquiring Entity

6. SCRS is a newly formed Delaware corporation established for the purposes of the Transaction. SCRS's principal address is c/o Platinum Equity, 360 North 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 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.

The Financing Arrangements

7. STI seeks approval to pledge or otherwise encumber its Arizona assets, concurrently with or following completion of the Transaction in connection with the Financing Arrangements up to an aggregate principal amount of $2.6 billion. STI states that in order 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

subsidiaries and costs and fees) and to respond to future acquisition and other business opportunities, STI is requesting authority for Financing Arrangements generally consistent with the following terms:

- An aggregate amount up to $2.6 billion.
- Authorization for STI to be the borrower or co-borrower under the Financing Arrangements.
- 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; bridge loans; or a combination thereof.
- A maturity of up to ten (10) years after issuance or amendment depending on the type of debt instrument.
- An interest rate(s) at the market rate in effect at the time of signing or closing.
- Secured facilities to include the equity of SCRS and all or a certain of its current and future subsidiaries, including STI.

Staff's Analysis

8. A.R.S. § 40-285 requires public service corporations to obtain Commission authorization to assign or dispose of a utility's assets as proposed by the merger in this transaction. The statute serves to protect captive customers from a utility's act to dispose of any of its assets that are necessary for the provision of service; thus, it serves to preempt any service impairment due to disposal of assets essential for providing service.

9. STI states that the proposed transaction will not affect the rates, terms and conditions by which STI offers service in Arizona. STI also states that the financing arrangements will not result in an interruption or disruption of service, and will be seamless and transparent to customers.

10. Additionally, the Applicant confirmed that any Arizona customer deposits, prepayments or advance payments held by STI will not be included in the proposed encumbrance.

11. STI published a legal notice in the Arizona Business Gazette on June 8, 2017. STI filed its affidavit of publication with the Commission on June 21, 2017.

. . .

Staff's Recommendations

12. Based on its analysis of the proposed transaction, Staff has concluded that the transaction would not impair the financial status of STI, would not impair its ability to attract capital, nor would it impair the ability of the STI to provide safe, reasonable, and adequate service.

13. Customers may still have exposure to losses to the extent they have prepaid for service or made deposits, therefore, Staff has recommended approval of the application subject to the condition that all customer deposits and prepayments be excluded from encumbrance and equivalent amounts be retained by the Applicant.

14. Staff, therefore, has recommended that the Commission authorize STI's request to encumber its Arizona assets in connection with financings up to $2.6 billion as described in STI's application in this matter.

15. Staff has further recommended authorizing STI to engage in any transactions and to execute any documents necessary to effectuate the authorizations granted.

16. Additionally, Staff has recommended that one copy of executed security documents be filed with the Utilities Division Director and a letter confirming such filing be filed with Docket Control, as a compliance item in this docket, within ninety (90) days following execution of the proposed transaction.

CONCLUSIONS OF LAW

1. Securus Technologies, Inc. is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. § 40-285.

2. The Commission has jurisdiction over Securus Technologies, Inc. and the subject matter in this filing.

3. The Commission, having reviewed the filing and Staff's Memorandum dated June 26, 2017, concludes that it is in the public interest to grant approval as proposed and discussed herein.

ORDER

IT IS THEREFORE ORDERED that the Securus Technologies, Inc. application requesting approval to pledge or otherwise encumber its Arizona assets be and hereby is approved as discussed herein, subject to the condition that all customer deposits and prepayments be excluded from encumbrance.

IT IS FURTHER ORDERED that Securus Technologies, Inc. be and hereby is authorized to engage in any transactions and to execute any documents necessary to effectuate the authorizations granted.

IT IS FURTHER ORDERED that one copy of executed security documents shall be filed with the Utilities Division Director and a letter confirming such filing shall be docketed as a compliance item in this docket within ninety (90) days following execution of the proposed transaction.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN FORESE	COMMISSIONER DUNN

		EXCUSED COMM. BURNS
COMMISSIONER TOBIN	COMMISSIONER LITTLE	COMMISSIONER BURNS

IN WITNESS WHEREOF, I, TED VOGT, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 13th day of July, 2017.

TED VOGT
EXECUTIVE DIRECTOR

DISSENT: ____________________

DISSENT: ____________________

EOA:MAC:red/WVC

SERVICE LIST FOR: Securus Technologies, Inc.
DOCKET NO. T-03479A-17-0144

Mr. Timothy Sabo
Snell & Wilmer, LLP
One Arizona Center
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Mr. Andy Kvesic
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Arizona Corporation Commission
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Legaldiv@azcc.gov
utildivservicebyemail@azcc.gov
Consented to Service by Email

Delaware
(Financing and Transfer of Control)

STATE OF DELAWARE

PUBLIC SERVICE COMMISSION
861 SILVER LAKE BLVD.
CANNON BUILDING, SUITE 100
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7500
FAX: (302) 739-4849

May 30, 2017

STAFF MEMORANDUM

TO: The Chairman and Members of the Commission

FROM: Toni Loper, Public Utility Analyst II

SUBJECT: IN THE MATTER OF THE APPLICATION OF SECURUS INVESTMENT HOLIDINGS LLC, SECURUS TECHNOLOGIES, INC., AND SCRS ACQUISITION CORPORATION FOR APPROVAL (1) TO TRANSFER INDIRECT CONTROL OF SECURUS TECHNOLOGIES, INC. TO SCRS ACQUISITION CORPORATION; AND (2) FOR SECURUS TECHNOLOGIES INC. TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS FOR APPROVALS UNDER THE PROVISION OF 26 DEL. C. § 215 (FILED MAY 17, 2017) - PSC DOCKET NO. 17-0320

Application:

On May 17, 2017, pursuant to 26 Del. C. § 215, Securus Investment Holdings, LLC ("SIH" or "Transferor"), Securus Technologies, Inc. ("STI"), and SCRS Acquisition Corporation ("SCRS") (together the "Applicants") filed an application (the "Application(s)") with the Delaware Public Service Commission ("Commission" or "PSC") seeking authorization to complete transactions (the "Transactions") whereby SCRS will acquire indirect control of STI. In addition, the Applicants request the authority for STI to enter into certain financing arrangements related to the transaction (the "Financing Arrangements").

Applicants:

Securus Technologies, Inc.

STI is a Delaware corporation with its principal place of business at 4000 International Parkway, Carrollton, Texas, 75007. STI is a wholly owned, indirect subsidiary of Connect Acquisition Corp. ("Connect"). Connect is a wholly owned, direct subsidiary of SIH. STI does not currently provide services to any customers in Delaware but does provide services in 46 states and the District of Columbia. [1]

[1]STI received authority to provide telecommunications services in Delaware in PSC Docket No. 01-169, Order No. 5829 (November 6, 2001), f/k/a TNETIX Telecommunications Services, Inc., subsequently the Company notified the Commission on August 6, 2010 of the name change to STI.

Securus Investment Holdings, LLC

SIH ("Transferor") is a Delaware limited liability company, as well as a holding company with no operations of its own. SIH's principal place of business is c/o ABRY Partners, 111 Huntington St., 29th Floor, Boston, Massachusetts, 02199.

SCRS Acquisition Corporation

SCRS ("Transferee") is a newly formed Delaware corporation, established for the purposes of the transactions ("Transactions") defined below. SCRS's principal place of business is c/o Platinum Equity, 360 North Crescent Drive, South Building, Beverly Hills, California, 90210. SCRS is ultimately is 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. ("PECP IV"), a Delaware limited partnership, will be the majority owner of SCRS Parent.

Platinum Equity does not have any telecommunications carriers in its current portfolio but prior investments in telecommunications carriers include, but are not limited to: Covad, DSLnet and Matrix Telecom, which are or were entities authorized by the Commission to provide competitive local exchange and/or interexchange services in Delaware.

Transactions:

Transfer of Control

On April 29, 2017, SIH, Connect, and SCRS entered into a stock purchase agreement (the "Agreement") whereby SCRS will acquire all the stock of Connect from SIH (the "Transaction"). As a result of the Transaction, Connect will become a wholly owned, direct subsidiary of SCRS. STI will become a wholly owned, indirect subsidiary of SCRS (and its parent companies). PECP IV will be the ultimate majority owner of STI.

Financing Arrangements

Additionally, approval is sought for STI to participate in, concurrently or following the completion of the Transaction, certain existing, amended, and restated financing arrangements (the "Financing Arrangements") in the aggregate amount of $2.6 billion. As asserted in the Application, authorization is sought for STI to be a borrower, or co-borrower, to allow flexibility for one or more of the parent companies or operating companies to be the borrower.

The Financing Arrangements may include one or more of the following types of debt instruments: notes, 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, bridge loans or a combination thereof, for a maturity of up to ten (10) years after issuance or amendment depending on the type of instrument. Interest rates will be at market rates for similar financings and not determined until the Financing Arrangement(s) are finalized. Finally, the purpose of the Financing Arrangements may be used for acquisitions, repayment of long-term debt of Connect and its subsidiaries, or future refinancing(s) of existing debt, working capital requirements, or other general corporate purposed of the company.

<u>Public Interest:</u>

The Applicants assert that the public interest will be served. The transactions will enable the combined company to become more viable, to adjust more rapidly to technological advances in the telecommunications industry, and become a better competitor in the highly competitive Delaware market. By combining resources the companies will be able to offer a broad range of services, provide economies of scale which will improve the combined enterprise's economic position, and allow the Applicants to access debt at more favorable terms and conditions. The Applicants assert that these transactions will yield both financial and operational benefits that will benefit Delaware customers without creating a change in day-to-day operations. Furthermore, the transaction is expected to be transparent to customers, and it is not expected to affect current operations of the Applicants or adversely affect competition for telecommunications service in Delaware. In addition, the Applicants have shown that the transactions are for proper purpose and now seek the approvals of the regulatory authorities as necessary for the transactions to demonstrate that they are in accordance with the law.

<u>Staff Recommendation</u>:

Applications seeking transfer of control financing arrangements by large multi-state resellers of competitive intrastate telecommunications services technically come under the provisions of 26 *Del. C.* § 215 because the companies are deemed to be public utilities. The Applicants have represented that the proposed transactions are in accordance with law, for a proper purpose, and consistent with the public interest. The Commission has previously allowed such applications to become effective by statutory approval without Commission action. That result appears appropriate here. Staff, therefore, recommends that the Commission not act on this application. Under 26 Del. C. § 215(a)(1) and (a)(3), the effect will be that the application is deemed to be approved by the Commission. Staff will also acquire verification from the Applicant that the proposed transactions and financing arrangements have been completed.

Georgia
(Financing and Transfer of Control)

FILED
JUN 22 2017
EXECUTIVE SECRETARY

Georgia Public Service Commission

(404) 656-4501
(800) 282-5813

244 WASHINGTON STREET, S.W.
ATLANTA, GEORGIA 30334-5701

FAX: (404) 656-2341
www.psc.state.ga.us

LETTER ORDER
DOCKET# Docket Number 5750
June 20, 2017
DOCUMENT# 168741

Brett Ferenchak, Counsel
1111 Pennsylvania Avenue NW
Washington, DC 20004

Dear Mr. Ferenchak:

On May 11, 2017, Securus Technologies, Inc., ("STI"), Securus Investment Holdings, LLC ("SIH"), and SCRS Acquisition Corporation ("SCRS") filed an application with the Georgia Public Service Commission ("Commission") requesting approval to transfer indirect control of STI to SCRS Pursuant to a Stock Purchase Agreement dated April 29, 2017.

As more fully described in the application, SCRS will acquire all of the stock of Connect Acquisition Corp. ("Connect") from SIH. As a result, Connect will become a wholly owned, direct subsidiary of SCRS and STI will become a wholly owned, indirect subsidiary of SCRS. Additionally, STI will participate in, concurrently with or following the completion of the proposed transaction, existing, new, amended and restated Financing Arrangements ("Arrangements) up to an aggregate of $2.6 billion as a borrower, co-borrower, or guarantor and pledge its assets. Applicants state that some or all of the Arrangements may be secured facilities, which may include a grant of security interest in the assets of SCRS and all or certain of its current and future subsidiaries, including STI and a portion of the Arrangements may be unsecured facilities.

The proposed transaction will provide SCRS with the ability to use the debt financing for some or all of the consideration for the proposed transaction and 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 subject transaction is not expected to cause any operational changes or result in any changes to the tariff. After consummation of the transaction, STI will continue to operate under its same name and provide service with no change in rates, terms and conditions of service. Thus, the financing transaction will be transparent to customers and will not have any adverse impact on them.

Securus Technologies, Inc. is certified in Georgia to provide telecommunications services pursuant to certificate of authority number R-0281. During its Administrative Session on June 20, 2017, the Commission considered the above-referenced item and found it to be reasonable and proper.

The Commission also found that it was appropriate to waive a hearing in this matter. Approval of this transaction is expressly based on the representation contained in the application filed on May 11, 2017. The Commission reserves the right to later revisit this matter and issue any further orders as it may deem necessary.

Wherefore, it is

ORDERED, that the application filed by Securus Technologies, Inc., Securus Investment Holdings, LLC, and SCRS Acquisition Corporation requesting approval to transfer indirect control of STI to SCRS Pursuant to a Stock Purchase Agreement dated April 29, 2017 and for STI to participate in, concurrently with or following the completion of the proposed transaction, existing, new, amended and restated Financing Arrangements up to an aggregate of $2.6 billion as a borrower, co-borrower, or guarantor and pledge its assets is hereby approved.

ORDERED FURTHER, that the authority granted herein is contingent upon the approval of any other regulatory body having jurisdiction over this matter.

ORDERED FURTHER, that within 30 days of completion of the financing transaction, the Company shall file a full and complete report on the final disposition.

ORDERED FURTHER, that the Commission hereby waive a hearing in this matter.

ORDERED FURTHER, that jurisdiction over this matter is expressly retained for the purpose of entering such further order or orders, as this Commission may deem just and proper.

ORDERED FURTHER, that a motion for reconsideration, rehearing, or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

The above by action of the Commission in Administrative Session on June 20, 2017.

Reece McAlister	Stan Wise
Executive Secretary	Chairman
DATE: 6-22-17	DATE: 6-22-2017

RM/SW/TStarks

Hawaii
(Financing and Transfer of Control)

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Joint Application of SECURUS INVESTMENT HOLDINGS, LLC, SECURUS TECHNOLOGIES, INC., and SCRS ACQUISITION CORPORATION For Approval to Transfer Control of Securus Technologies, Inc., to SCRS Acquisition Corporation, and For Securus Technologies, Inc. to Participate in Certain Financing Arrangements.	)	DOCKET NO. 2017-0114

DECISION AND ORDER NO. 34699

FILED
2017 JUL 17 A 9:03
PUBLIC UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Joint Application of SECURUS INVESTMENT HOLDINGS, LLC, SECURUS TECHNOLOGIES, INC., and SCRS ACQUISITION CORPORATION For Approval to Transfer Control of Securus Technologies, Inc., to SCRS Acquisition Corporation, and For Securus Technologies, Inc. to Participate in Certain Financing Arrangements.	Docket No. 2017-0114 Decision and Order No. 34699

DECISION AND ORDER

On May 12, 2017, SECURUS INVESTMENT HOLDINGS, LLC ("Securus Holdings"), SECURUS TECHNOLOGIES, INC. ("Securus Technologies"), and SCRS ACQUISITION CORPORATION ("SCRS") (collectively, "Applicants") filed an application ("Application") requesting that the State of Hawaii Public Utilities Commission ("commission") waive all regulatory requirements associated with (1) a transaction ("Transaction") whereby SCRS will acquire indirect control of Securus Technologies; and (2) certain financing arrangements ("Financing Arrangements") that the Applicants plan to enter into either during or following the Transaction. Applicants further request, to the extent the commission finds that waiver is not appropriate with respect to either the Transaction or the Financing Arrangements, that the commission approve the Transaction and the Financing Arrangements pursuant to Hawaii Revised Statutes ("HRS") §§ 269-7(a), 269-17, and 269-19, and Hawaii Administrative Rules ("HAR") § 6-61-105.

I.

BACKGROUND

A.

Application and Procedural History

On May 12, 2017, the Applicants filed the Application.[1] On May 30, 2017, the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), filed its Statement of Position, informing the commission that it will not be participating in this proceeding.[2]

---

[1]"Joint Application; Exhibit A; Verifications; and Certificate of Service,", filed on May 12, 2017. On June 29, 2017, the Applicants filed an amended Exhibit A, which contains "additional information regarding pre-closing and post-closing ownership of the various companies involved." All references to "Application" herein include the amended Exhibit A.

[2]The Consumer Advocate is an ex officio party to this docket pursuant to HRS § 269-51 and HAR § 6-61-62. The Consumer Advocate notes in its statement that its lack of participation in this docket should not be construed as either accepting, supporting,

The Applicants request that the commission waive all regulatory requirements applicable to the Transaction and the Financing Arrangements, pursuant to HRS § 269-16.9(e) and HAR § 6-80-135.[3] In the alternative, Applicants seek commission approval of the Transaction and Financing Arrangements pursuant to HRS §§ 269-7(a), 269-17, and 269-19, and HAR § 6-61-105.[4]

B.

The Applicants

Securus Technologies is a Delaware corporation with its principal place of business at 4000 International Parkway, Carrollton, Texas.[5] Securus Technologies provides telecommunications services to confinement and correctional facilities in the District of Columbia and approximately

or adopting any of the positions proposed, justifications offered, or requested relief articulated in the Application.

[3]Application at 1.

[4]Application at 1.

[5]Application at 1.

46 states.[6] Securus Technologies does not currently provide telecommunications services in Hawaii, but is licensed to do so.[7]

Securus Holdings is a Delaware limited liability company with a principal address of c/o ABRY Partners, 111 Huntington Street 29th Floor, Boston, Massachusetts.[8] Securus Holdings is a holding company with no operations of its own.[9] Securus Holdings is currently owned by eight entities in the following proportion: ABRY Investment Partnership, L.P., (0.03%); HarbourVest Partners 2013 Direct Fund L.P. (11.94%); Paribas North America, Inc. (1.35%); ABRY Partners VII, LP (60.35%); ABRY Partners VII, Co-Investment Fund L.P. (1.98%); Mesirow Financial Capital Partners X, L.P. (8.05%); Red Oak Investments LLC (11.58%); and Management Shareholders (4.72%).[10] Securus Technologies is a wholly owned subsidiary of Connect

---

[6]Application at 2.

[7]Application at 2, citing <u>In re Evercom Systems, Inc.</u>, Docket No. 2010-0135, Decision and Order, filed on October 5, 2010, at 6. On November 1, 2010, Evercom Systems, Inc. notified the commission that it changed its corporate name to Securus Technologies, Inc., effective October 7, 2010.

[8]Application at 2.

[9]Application at 2.

[10]Application, Exhibit A.

Acquisition Corp. ("Connect"), a Delaware corporation which is itself a wholly owned direct subsidiary of Securus Holdings.[11]

SCRS is a Delaware corporation with its principal address at c/o Platinum Equity, 360 North Crescent Drive, South Building, Beverley Hills, California.[12] SCRS was established for the purposes of the Transaction.[13]

C.

The Transaction

The Transaction includes several entities that are not Applicants in this proceeding. Among those are Platinum Equity Capital Partners IV, L.P. ("Platinum Equity"), Platinum SCRS Principals, LLC ("Platinum SCRS"), and SCRS' three future parent companies (SCRS Holding Corporation, SCRS Intermediate Holding Corporation, and SCRS Intermediate Holding II Corporation).[14] According to the Applicants, the Transaction will result in Connect becoming a wholly owned, direct subsidiary of SCRS; Securus Technologies becoming a wholly owned, indirect subsidiary of SCRS and its parent companies, and Platinum Equity and

[11]Application at 1-2.

[12]Application at 3.

[13]Application at 3.

[14]Application, Exhibit A.

Platinum SCRS becoming the ultimate majority and minority owners of Securus Technologies, respectively.[15]

The Applicants state that the Transaction will serve the public interest.[16] According to the Applicants, Securus Technologies will continue to be managed by the same officers and personnel, and will have additional supplementary management from Platinum Equity and SCRS.[17] Finally, the Applicants state that the Transaction will not adversely impact Hawaii customers because Securus Technologies is not currently providing telecommunications services in Hawaii.[18]

D.

Financing Arrangements

In addition to seeking approval of the Transaction, Applicants seek approval for Securus Technologies to participate in "existing, new, amended and restated financing arrangements," collectively, the "Financing Arrangements." The Financing Arrangements involve SCRS, and potentially Securus Technologies, taking on up to $2.6 billion in debt via various potential and yet

[15]Application at 4-5, Exhibit A.

[16]Application at 6.

[17]Application at 6.

[18]Application at 6-7.

to be determined debt instruments, at market interest rates.[19] This debt may be secured by SCRS' assets, including Securus Technologies.[20] According to the Applicants, the purpose of the Financing Arrangements is to allow acquisitions, including the Transaction itself. The Applicants state that the Financing Arrangements will enable the Transaction, and are therefore in the public interest.[21] The Applicants further state that the Financing Arrangements "will be transparent to customers" and "will not disrupt service or cause customer confusion or inconvenience."[22] The Applicants finally state that the Financing Arrangements may allow Securus Technologies to "increase the breadth and scope of its services," which may ultimately benefit Hawaii consumers.[23]

II.

FINDINGS AND CONCLUSIONS

1. HRS § 269-17 provides, in relevant part, as follows:

> A public utility corporation may, on securing the prior approval of the public utilities commission, and not otherwise, issue stocks

[19]Application at 5-6.

[20]Application at 6.

[21]Application at 7.

[22]Application at 7.

[23]Application at 7.

> and stock certificates, bonds, notes, and other evidences of indebtedness, payable at periods of more than twelve months after the date thereof, for the following purposes and no other, namely: for the acquisition of property or for the construction, completion, extension, or improvement of or addition to its facilities or service, or for the discharge or lawful refunding of its obligations or for the reimbursement of moneys actually expended from income or from any other moneys in its treasury not secured by or obtained from the issue of its stocks or stock certificates, or bonds, notes, or other evidences of indebtedness . . . .

2. HRS § 269-19(a) provides, in relevant part, as follows:

> [N]o public utility shall sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its road, line, plant, system, or other property necessary or useful in the performance of its duties to the public . . . nor by any means, directly or indirectly, merge or consolidate with any other public utility without first having secured from the public utilities commission an order authorizing it so to do.

3. The commission, however, may waive the provisions of HRS chapter 269, under certain circumstances.

4. HAR § 6-80-135 provides:

> <u>Exemption and waiver.</u> (a) The commission may, upon its own motion or upon the written request of any person or telecommunications carrier, exempt or waive a telecommunications carrier or telecommunications service from the provisions of chapter 269, HRS, this chapter, or any other telecommunications-related rule, in whole or in part, upon the commission's determination

that the exemption or waiver is in the public interest; provided that the commission may not exempt or waive a telecommunications carrier or telecommunication service from:

(1) Any provisions of '269-34, HRS; or

(2) Any provisions of this chapter that implement '269-34, HRS.

(b) The applicable provisions of '269-16.9, HRS, apply to any exemptions or waivers issued by the commission.

(c) The commission may hold a hearing on any proposed exemption or waiver.

5. The commission finds that HRS §§ 269-17 and 269-19(a) apply to the Transaction and Financing Arrangements.

6. Based on the record, including Applicants' representations that, although licensed to do so, Securus Technologies does not currently offer telecommunications in Hawaii, and that therefore, the Transaction and Financing Arrangements will not disrupt services or affect customers, the commission finds that the Transaction and Financing Arrangements are consistent with the public interest. The commission therefore waives the requirements of HRS §§ 269-17 and 269-19(a), to the extent applicable, with regards to the matters in this docket, pursuant to HAR § 6-80-135. Similarly, based on the findings and conclusions stated above, the commission will also waive the provisions of HAR §§ 6-61-101 and 6-61-105,

to the extent that the Application fails to meet any of these filing requirements.

7. The commission does not waive its general investigatory authority, set forth in HRS § 269-7, over Securus Technologies.

8. The commission will continue to examine each application or petition of this type and make determinations on a case-by-case basis. Waiving the aforementioned regulatory and statutory requirements in this instance should not be construed by any public utility as a basis for engaging in regulated activity without having first secured an order by the commission authorizing it to do so.

III.

ORDERS

THE COMMISSION ORDERS:

1. Applicants are granted a waiver from the requirements of HRS §§ 269-17 and 269-19(a), as they relate to the Transaction and Financing Arrangements. Additionally, the filing requirements of HAR §§ 6-61-101 and 6-61-105, to the extent applicable, are also waived.

2. The commission does not waive its general investigatory authority, set forth in HRS § 269-7, over Securus Technologies.

3. This docket is closed unless otherwise ordered by the commission.

DONE at Honolulu, Hawaii JUL 17 2017.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By ______________________
Randall Y. Iwase, Chair

By ______________________
Lorraine H. Akiba, Commissioner

By ______________________
James P. Griffin, Commissioner

APPROVED AS TO FORM:

____
Mike Wallerstein
Commission Counsel

2017-0114.rs

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

DEAN NISHINA
EXECUTIVE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
P.O. Box 541
Honolulu, HI 96809

WILLIAM B. WILHELM, JR.
BRETT P. FERENCHAK
MORGAN, LEWIS & BOCKIUS LLP
1111 Pennsylvania Avenue, N.W.
Washington, DC 20004

Counsel for SCRS ACQUISITION CORPORATION

EVA M. KALAWSKI
EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL, AND SECRETARY
c/o PLATINUM EQUITY
360 North Crescent Drive, South Building
Beverly Hills, CA 90210

ROBERT E. STRAND
ARSIMA A. MULLER
CARLSMITH BALL LLP
American Savings Bank Tower
1001 Bishop Street, Suite 2200
Honolulu, HI 96813

PAUL C. BESOZZI
SQUIRE PATTON BOGGS (US) LLP
2550 M Street, N.W.
Washington, DC 20037

Counsel for SECURUS INVESTMENT HOLDINGS, LLC

DENNIS J. REINHOLD
VICE PRESIDENT, GENERAL COUNSEL, AND SECRETARY
SECURUS TECHNOLOGIES, INC.
4000 International Parkway
Carrollton, TX 75007

Indiana
(Financing and Transfer of Control)

STATE of INDIANA

INDIANA UTILITY REGULATORY COMMISSION
101 WEST WASHINGTON STREET, SUITE 1500 EAST
INDIANAPOLIS, INDIANA 46204-3407

http://www.in.gov/iurc
Office: (317) 232-2701
Facsimile: (317) 232-6758

June 30, 2017

Brett P. Ferenchak
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Ave. N.W.
Washington, DC 20004

RE: **Notice of Change in CTA Number:** 41282
Notice of Change Number: CSP1705-5
Company Name: Securus Technologies, Inc.

Dear Mr. Ferenchak:

Pursuant to I.C. 8-1-32.5-12, the Communications Division of the Indiana Utility Regulatory Commission ("IURC") has received and processed the enclosed Notice of Change in a Certificate of Territorial Authority ("CTA") for a provider of communications services. The change(s) in the Communications Service Provider's CTA, as indicated on State Form 50739 (R5/8-11), posted on May 15, 2017 is hereby acknowledged and reflected in the IURC's records as of June 14, 2017.

A copy of the notice has been retained for our files.

Sincerely,

K. Peerman

Kassi Peerman
Tariff Administrator

Enclosure
cc: CSP Notice of Change file
kgp

RECEIVED
May 15, 2017
INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED NOTICE OF CHANGE IN A CERTIFICATE OF TERRITORIAL AUTHORITY TO PROVIDE COMMUNICATIONS SERVICES WITHIN THE STATE OF INDIANA
(As addressed in I.C. 8-1-32.5-12)

State Form 50739 (R5 / 8-11)
INDIANA UTILITY REGULATORY COMMISSION

Applicant should file either, an original and two (2) paper copies of each form with supporting documentation, or file using the IURC's Electronic Filing System.

Tracking number: CSP1705-5 *(IURC use only)*

To the Communications Division of the Indiana Utility Regulatory Commission (IURC):

Securus Technologies, Inc. ("STI")
(*Name of company*)

hereby notifies the IURC of a change in the Certificate of Territorial Authority (CTA) to provide (*Please list the types of communications services currently authorized in Indiana*):

Alternative Operator Services

Authorized under Cause number(s): 41282 **dated:** 11/25/1998.

Please list the service territory or territories being affected by this notice of change: (This requirement is not applicable to CSPs that only offer a service(s) described in I.C. 8-1-2.6-1.1.)
Statewide throughout Indiana

REASON FOR CHANGE IN CTA STATUS

The change being noticed herein by Applicant relates to:
(Please check all boxes and complete all blanks that apply, and attach any supporting documents.)

1. ☑ **Change in Ownership, Operation, Control or Corporate Organization of the Provider, including Merger, Acquisition or Reorganization.**

   a. Please provide a description of transaction: Indirect control of STI will be transferred to SCRS Acquisition Corporation. See details in Exhibit A.

   b. Effective date (month, day, year): On or around August 1, 2017

2. ☐ **Name change or an adoption of or change to an assumed business name or change in parent company name, etc.**

a. Existing name: ____________________

b. New name: ____________________

c. Alias *or* d/b/a: ____________________

For a name change, please provide the following: *(attach additional sheets as necessary)*

- ➢ The reason for the name change or d/b/a and the effect on the operations and/or the utility's customers.
- ➢ A certified copy of the amended certificate of authority or certificate of assumed business name issued by the Indiana Secretary of State.
- ➢ Method by which the company's customers were or will be notified of the proposed name change or assumed name to alleviate customer confusion and prevent baseless slamming complaints (*attach copy of bill insert, notice, etc.*)

3. ☐ **Change in Provider's Principal Business Address or Change of the Person Authorized to Receive Notice on Behalf of the Provider**

Name and title ____________________
Telephone number: ____________________ Fax number: ____________________
Mailing address: ____________________
____
E-mail address: ____________________

4. ☑ **Sale, Assignment, Lease or Transfer to:**
Subject to any notice requirements adopted by the Commission under I.C. 8-1-32.5-12, a CTA pursuant to I.C. 8-1-32.5-10 may be: 1) sold, assigned, leased, or transferred by the holder to any communications service provider to which a CTA may be lawfully issued; or 2) included in the property and rights encumbered under any indenture of mortgage or deed of trust of the holder.

a. Transferee company name and Indiana d/b/a: ____________________
See details in Exhibit A.

Contact Name and Title Dennis J. Reinhold, Vice President, General Counsel & Secretary
Telephone number: 972-277-0318 Fax number: 972-277-0373
Mailing address: 4000 International Pkwy.
Carrollton , TX 75007
E-mail address: dreinhold@securustechnologies.com

b. If customers are being transferred, please provide the method by which the company's customers were or will be notified of the transfer pursuant to 47 CFR 64.1120(e)(3).
Not applicable. STI's CTA may be encumbered but will not be transferred.

c. Does transferee have a current Indiana CTA? ☐ Yes ☐ No

- *If yes, please provide the Cause Number(s)* N/A See Exhibit A .
- *If no, please complete the Transfer CTA application in* ***Attachment A*** *and include it with this filing.*

5. ☐ **Relinquishment of Certificate** *(Not applicable to telecommunications providers of last resort pursuant to I.C. 8-1-32.4)*

   a. Reason for CTA Relinquishment: ______________________________

   ____

   ____

   (*Attach additional sheets as necessary*)

   b. Please identify any other Indiana CTA(s) currently held by Applicant -- by Cause No., type, and date issued -- that will be retained.

   ____

   ____

   c. For each service for which Applicant is relinquishing its CTA, please provide the number of residential and business customers that Applicant currently serves in Indiana.

   ____

   ____

   d. For each service for which Applicant is relinquishing its CTA, please provide the method by which Applicant's customers were or will be notified that Applicant is relinquishing its CTA and provide a copy of the notice.

   ____

   ____

   e. For each service for which Applicant is relinquishing its CTA, how much time will Indiana customers have to find a new provider after receipt of notice before Applicant's operations cease? To the extent your answer varies by service territory or location, please provide a clear, detailed response.

   ____

   ____

6. ☐ **Change in one or more of the service areas identified in the provider's CTA application that would increase or decrease the territory within the service area.**[1]

   ____

   ____

   ____

   ____

   (*Attach additional sheets as necessary*)

[1]Providers of Last Resort may not use this process to reduce service territory. Providers of Last Resort must use the process specified in I.C. 8-1-32.4.

7. ☐ **Change in type of Communications Service provided in one or more of the service areas identified in the provider's application for Certificate of Territorial Authority.** *(This requirement is not applicable to CSPs that only offer a service(s) described in I.C. 8-1-2.6-1.1.)*

___

___

Above, please list the types of communications services you ***propose*** *to offer in Indiana (e.g. facilities-based local exchange; bundled resale of local exchange; commercial mobile radio service; interexchange operator services; internet protocol enabled services; broadband service; advanced service; video service*[1] *or other).*

a. Please describe the geographic area(s) for which the applicant proposes to provide the new or changed services listed above (i.e., county, city or rate center). If the applicant provides service through a local video franchise agreement, please provide the issuing franchise authority and expiration date.

___

___

___

b. For each type of service identified above, please list whether the communications service will be offered to residential customers, business customers or both.

___

___

___

c. If applicant proposes offering new services, please provide an estimated date of deployment (year and quarter) for each service area and each service type within that area for which the applicant seeks authority. The services listed in this response should be consistent with the services listed above.

___

___

___

d. Does the applicant propose to offer facilities-based local exchange service?

___

e. Will applicant offer stand alone basic telecommunications service for a flat monthly rate per I.C. 8-1-2.6-0.1?

___

f. Will applicant offer interexchange services only? ___

g. Does the applicant seek authorization to provide commercial mobile radio service?

___

___

[1]If applicant intends to offer video service and does not have a current Video Service Franchise for the service area, the applicant must obtain a franchise as specified in I.C. 8-1-34-16.

Designated Regulatory or Customer Service Contact Information

Include name, title, mailing address, telephone & fax numbers, and e-mail address for the designated regulatory or customer service contact person responsible for ongoing communications with the Commission:

Dennis J. Reinhold, Vice President, General Counsel & Secretary

Securus Technologies, Inc.

4000 International Pkwy., Carrollton, TX 75007

T: 972-277-0318 | F: 972-277-0373 | dreinhold@securustechnologies.com

Designated Contact Information for *this* Notice of Change Only

Include name, title, mailing address, telephone & fax numbers, and e-mail address for the designated contact person for *this* Notice of Change *(if different than the general regulatory or customer service contact information).*

William B. Wilhelm, Jr. & Brett P. Ferenchak, Counsel to Transferee, Morgan, Lewis & Bockius LLP

1111 Pennsylvania Ave. N.W., Washington, DC 20004; T: 202-739-3000 | F: 202-739-3001

william.wilhelm@morganlewis.com | brett.ferenchak@morganlewis.com

See Exhibit A for the designated contact for STI and Transferor.

VERIFICATION

I affirm under penalties of perjury that the foregoing representations are true.

Officer's name & title ______________________________
(*Printed*)

Officer's Signature See Attached Verifications

Date Signed *(month, day, year)* ______________________________

Telephone number ______________________________

IURC ACKNOWLEDGEMENT

Notice of Change Number: CSP1705-5

Date of Acknowledgement *(month, day, year)*: June 14, 2017

VERIFICATION

I, Dennis J. Reinhold, am the Vice President, General Counsel and Secretary of Securus Investment Holdings, LLC ("SIH") and Connect Acquisition Corp. and its direct and indirect subsidiaries, including Securus Technologies, Inc. (collectively, the "Connect Entities"). As such I am authorized to execute this Verification on behalf of SIH and the Connect Entities. The portions of the foregoing filing relating to SIH and the Connect Entities have been prepared pursuant to my direction and control and I have reviewed the contents thereof. I hereby declare that the factual statements and representations made therein by and concerning SIH and Connect Entities are true and correct to the best of my knowledge, information and belief.

D.J. Reinhold
Name: Dennis J. Reinhold
Title: VP, General Counsel and Secretary
Securus Investment Holdings, LLC
Securus Technologies, Inc.

County of DENTON)
State of TEXAS)

Subscribed and sworn to before me by Dennis J. Reinhold this 15th day of May, 2017

Diane Wendling
Notary Public

My Commission Expires: July 21, 2018

DIANE WENDLING
MY COMMISSION EXPIRES
July 21, 2018

VERIFICATION

I, Eva M. Kalawski, state that I am Vice President and Secretary of SCRS Acquisition Corporation (the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the factual statements and representations made therein by and concerning the Company are true and correct to the best of my knowledge, information, and belief.

Eva M. Kalawski
Vice President and Secretary
SCRS Acquisition Corporation

See attached Acknowledgement by Notary Public

IN

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles)

On May 5, 2017 before me, Dorie Kelly, Notary Public
(insert name and title of the officer)

personally appeared Eva M. Kalawski,
who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity~~(ies)~~, and that by ~~his~~/her/~~their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

DORIE KELLY
Notary Public - California
Los Angeles County
Commission # 2176151
My Comm. Expires Dec 18, 2020

Signature Dorie Kelly **(Seal)**

EXHIBIT A

DESCRIPTION OF TRANSACTIONS

Securus Investment Holdings, LLC ("Transferor" or "SIH"), Securus Technologies, Inc. ("STI") and SCRS Acquisition Corporation ("Transferee" or "SCRS") (collectively, the "Parties") notify the Commission of and, to the extent required, request authorization (1) to transfer indirect control of STI to Transferee and (2) for STI to participate in the Financing Arrangements (as described below) concurrently with or following completion of the Transaction (as defined below).

In support of this filing, the Parties provide the following information:

Description of the Parties

A. Securus Technologies, Inc. and Securus Investment Holdings, LLC

STI is a Delaware corporation with its principal place of business at 4000 International Parkway, Carrollton, Texas 75007. STI is a wholly owned, indirect subsidiary of Transferor and Connect Acquisition Corp. ("Connect"), a Delaware corporation and a wholly owned subsidiary of Transferor. 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 Indiana. In Indiana, STI is authorized to provide alternative operator services pursuant to a Certificate of Territorial Authority ("CTA") granted in Cause No. 41282 on November 25, 1998. STI is also authorized by the FCC to provide domestic and international telecommunications services.

Additional information concerning STI's legal, technical, managerial and financial qualifications has been submitted to the Commission with its filings for certification and various transactions and is therefore already a matter of public record.[1] STI requests that the Commission take official notice of these existing descriptions of STI's qualifications and incorporate them by reference herein.

Transferor, a Delaware limited liability company, is a holding company with no operations of its own. Transferor's principal address is c/o ABRY Partners, 111 Huntington St., 29th Floor, Boston, Massachusetts 02199. The controlling interests in Transferor are currently held by

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1 *See e.g.*, Notice of Change Number: CSP1304-2.

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.

Exhibit B includes the current ownership structure of STI, SIH and Connect.

B. SCRS Acquisition Corporation

Transferee is a newly formed Delaware corporation established for the purposes of the Transaction (as defined below). Transferee's principal address is c/o Platinum Equity, 360 North Crescent Drive, South Building, Beverly Hills, California 90210. Transferee 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. ("PECP IV"), 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.

Designated Contacts

Questions, correspondence or other communications concerning this Application should be directed to:

For Transferee:

William B. Wilhelm, Jr.
Brett P. Ferenchak
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, N.W.
Washington, DC 20004-2541
202-739-3000 (tel)
202-739-3001 (fax)
william.wilhelm@morganlewis.com
brett.ferenchak@morganlewis.com

With copies for Transferee to

Eva M. Kalawski
Executive Vice President, General Counsel & Secretary
c/o Platinum Equity
360 North Crescent Drive
South Building
Beverly Hills, California 90210
ekalawski@platinumequity.com

For Transferor and STI:

Paul C. Besozzi
Squire Patton Boggs (US) LLP
2550 M Street, N.W.
Washington, DC 20037
202-457-5292 (tel)
202-457-6315 (fax)
paul.besozzi@squirepb.com

With copies for Transferor and STI to:

Dennis J. Reinhold
Vice President, General Counsel & Secretary
Securus Technologies, Inc.
4000 International Pkwy.
Carrollton, TX 75007
dreinhold@securustechnologies.com

Description of the Transfers of Control

Pursuant to that certain Stock Purchase Agreement by and among SIH, 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). PECP IV will be the ultimate majority owner of STI.

For the Commission's reference, a chart depicting the pre- and post-Transaction ownership structure of STI is provided as Exhibit B.

Description of the Financing Arrangements

The Parties also notify the Commission, and to the extent necessary, request approval 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 subsidiaries[2] 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: The Parties 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.

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 and its CTA. 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

---

[2] Currently, Connect's outstanding long-term debt is approximately $785 million as of May 2, 2017.

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.

The Parties therefore notify the Commission, and to the extent necessary, request approval 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.

Public Interest Considerations

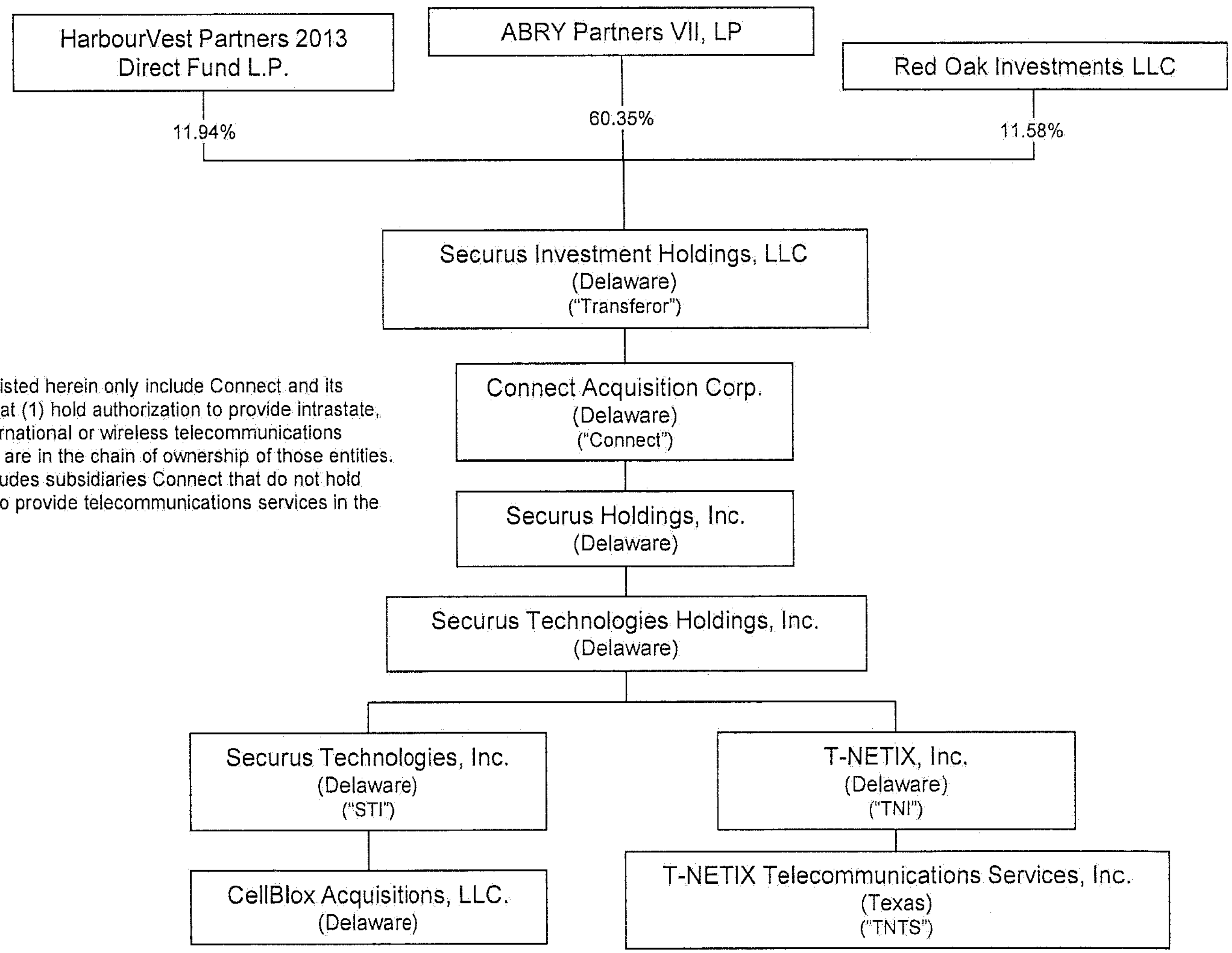
The Parties submit that the Transaction is in the public interest. STI will continue to be managed and operated by the same officers and personnel, but will be supplemented by management of Transferee and Platinum Equity. Further, STI will have access to additional financial resources through its relationship with Transferee and Platinum Equity, enabling STI to better meet the needs of its customers and thus better compete in the telecommunications marketplace. At the same time, the Transaction will have no adverse impact on the customers of STI. Immediately following the Transaction, STI will continue to provide high-quality services at the same rates and on the same terms and conditions as are currently in effect. Future changes in the rates, terms and conditions of service to STI's customers, if any, will be undertaken pursuant to the applicable federal and state notice and tariff requirements and STI's contractual obligations. The Transaction will also not result in an interruption or disruption of service, and will be seamless and transparent to customers. The only change immediately following closing of the Transaction from a customer's perspective will be that that STI's ownership will change, with Transferee (and its parent companies) being its indirect owner.

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

EXHIBIT B

Diagrams of the Pre- and Post-Transaction Ownership Structures

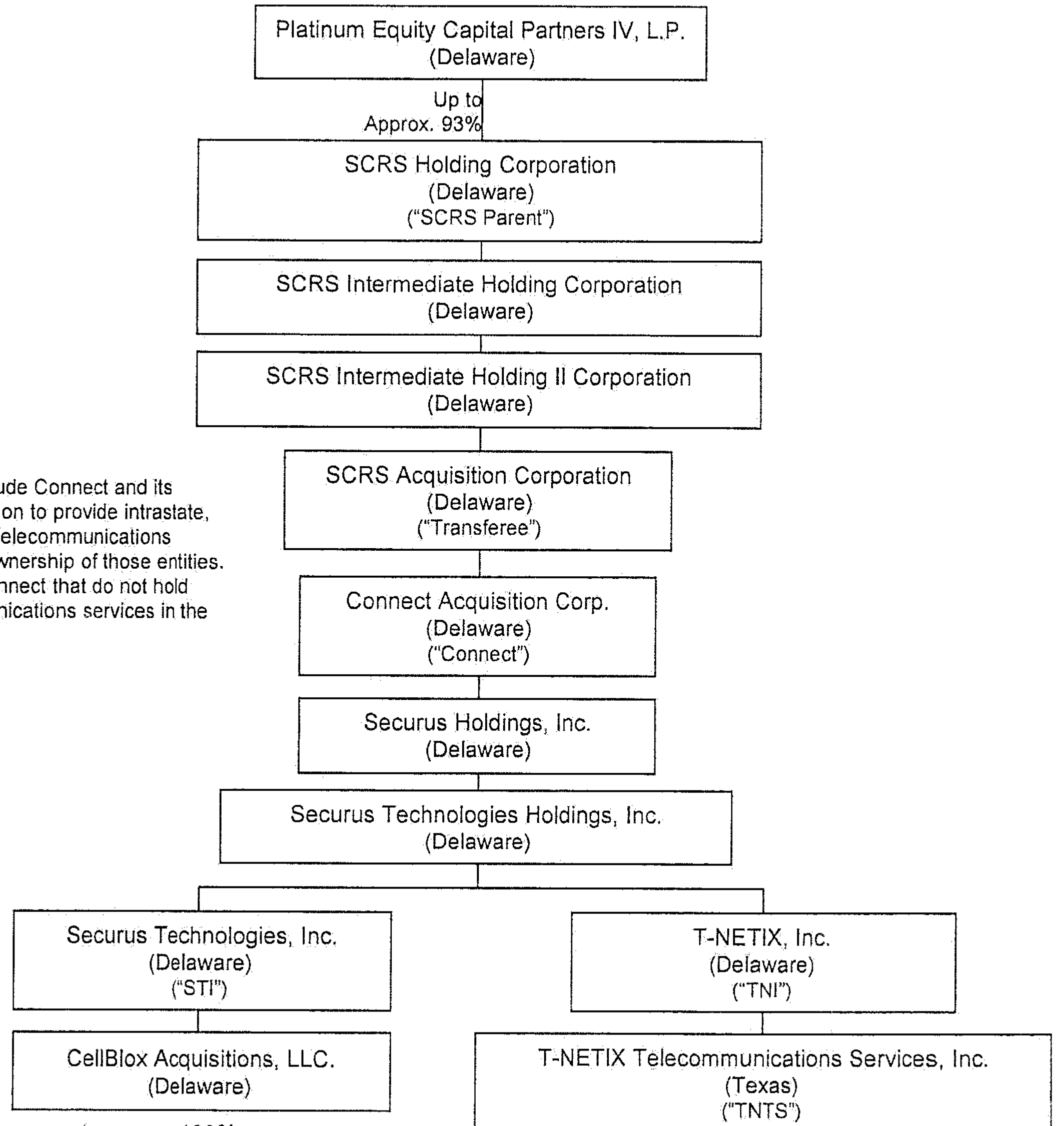
Pre-Transaction Ownership Structure of STI*



* The entities listed herein only include Connect and its subsidiaries that (1) hold authorization to provide intrastate, interstate, international or wireless telecommunications services or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries Connect that do not hold authorization to provide telecommunications services in the United States.

Unless indicated all ownership percentages are 100%.

Post-Transaction Ownership Structure of STI*



* The entities listed herein only include Connect and its subsidiaries that (1) hold authorization to provide intrastate, interstate, international or wireless telecommunications services or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries Connect that do not hold authorization to provide telecommunications services in the United States.

Unless indicated all ownership percentages are 100%.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Verified Notice of Change in Certificates of Territorial Authority to Provide Communications Services Within the State of Indiana was served by placing a copy of same in the United States first-class mail May 15, 2017, addressed to the following:

Office of the Utility Consumer Counselor
National City Center
115 W. Washington Street, Suite 1500 South
Indianapolis, IN 42604

Brett P Ferenchak

____

Louisiana
(Transfer of Control)

Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154
www.lpsclouisiana.gov

Telephone: 225-342-9888

COMMISSIONERS

Eric F. Skrmetta, Vice Chairman
District I
Foster L. Campbell
District V
Lambert C. Boissiere
District III
Mike Francis
District IV
Damon J. Baldone
District II

EVE KAHAO GONZALEZ
Executive Secretary

BRANDON M. FREY
Executive Counsel

JOHNNY E. SNELLGROVE, JR
Deputy Undersecretary

June 7, 2017

VIA EMAIL

William W. Wilhelm, Jr.
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Eva M. Kalawski
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ekalawski@platinumequity.com

Dennis J. Reinhold
Securus Technologies, Inc.
4000 International Pkwy.
Carrollton, TX 75007
dreinhold@securustechnologies.com

Re: Docket No. S-34453, Section 301.M Request Regarding the Proposed Transfer of Indirect Control of Securus Technologies, Inc. to SCRS Acquisition Corporation.

Gentlemen:

After review of the record associated with this docket, Staff confirms the following:

(1) The above referenced Notice was filed May 16, 2017;
(2) Notice of filing was published in the Commission's Bulletin May 19, 2017; and
(3) The intervention period expired June 5, 2017.

This letter acknowledges that the above docketed matter has been reviewed by Staff, and given that no intervention or protest was filed by a party in interest during the intervention period, your request is deemed approved without further action by the Commission, pursuant to

Section 301(M)(1) of the Commission's Local Competition Regulations. The Commission's Utilities Division will update its records accordingly. This docket is now deemed closed.

Sincerely,

Lauren M. Temento

Lauren M. Temento
Staff Attorney

cc: Records Division
Service List

Service List for S-34453
as of 6/7/2017

Commissioners

Damon J. Baldone, Commissioner

Eric Skrmetta, Commissioner

Foster L. Campbell, Commissioner

Lambert C Boissiere III., Commissioner

Mike Francis, Commissioner

LPSC Staff Counsel

Lauren Temento, LPSC Staff Attorney

LPSC Staff

Don Dewald, LPSC Auditing Division

Don Dewald, LPSC Utilities Division

Petitioner: **SCRS Acquisition Corporation**

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Securus Technologies, Inc.

Securus Technologies, Inc.

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Fax:(202)457-6315; Telephone 1:(202)457-5292;

Maryland
(Transfer of Control)

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

#7, 7/5/17 AM; ML# 215152, S-1723

July 5, 2017

William B. Wilhelm, Jr.
Brett P. Ferenchak
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, N.W.
Washington, DC 20004-2541

Paul C. Besozzi
Squire Patton Boggs (US) LLP
2550 M. Street, N.W.
Washington, DC 20037

Dear Messrs. Wilhelm, Ferenchak and Besozzi:

The Commission has reviewed the Notification of Proposed Transfer of Indirect Control of Securus Technologies, Inc. to SCRS Acquisition Corporation and proposed participation in certain financing arrangements filed on May 12, 2017 by Securus Investment Holdings, LLC, Securus Technologies, Inc. and SCRS Acquisition Corporation.

After considering this matter at the July 5, 2017 Administrative Meeting, the Commission approved the proposed acquisition and noted the proposed financing arrangements.

By Direction of the Commission,

/s/ David J. Collins

David J. Collins
Executive Secretary

DJC/st

Minnesota
(Transfer of Control)

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

M. Cecilia Ray
MOSS & BARNETT
4800 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

SERVICE DATE: July 12, 2017

DOCKET NO. P5188/PA-17-375

In the Matter of the Joint Petition of Securus Investment Holdings, LLC, Securus Technologies, Inc. and SCRS Acquisition Corporation for Approval to Transfer Indirect Control of Securus Technologies, Inc. to SCRS Acquisition Corporation

The above entitled matter has been considered by the Commission and the following disposition made:

Approved the transfer of ultimate control of Securus Technologies, Inc. to SCRS Acquisition Corporation.

- **Petitioners must file a notice of consummation within 20 days of the closing of the transaction.**
- **Securus Technologies, Inc. will continue to provide inmate telephone services under its current authority.**
- **Securus Technologies, Inc. will continue to prepare and file all jurisdictional annual reports in compliance with applicable Commission regulations and requirements.**
- **Prior to the billing of any intrastate surcharges or fees that result in a price increase to Minnesota end users, a tariff must be filed pursuant to Minnesota Rule 7812.2210 subpart 3(B), and there should be an opportunity for parties to comment.**
- **End users with whom Securus Technologies, Inc. has billing relationships (either through a local exchange carrier or an advance pay account), must be provided with advance notice of any increase (including the implementation of surcharges or fees).**
- **All deposits, advance payments, fees, and all other end-user terms and conditions associated with advance pay accounts must be tariffed pursuant to Minn. Rule 7812.2210 subpart 2B.**

- **To the extent that any such charges, fees, advance payments or deposits (collectively "charges") that apply to customers are not specifically provided for by contract, the institution to whom Securus Technologies, Inc. provides a service must be notified of the charges prior to any billing of such charges.**

This decision is issued by the Commission's consent calendar subcommittee, under a delegation of authority granted under Minn. Stat. § 216A.03, subd. 8 (a). Unless a party, a participant, or a Commissioner files an objection to this decision within ten days of receiving it, it will become the Order of the full Commission under Minn. Stat. § 216A.03, subd. 8 (b).

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the Order. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary

This document can be made available in alternative formats (e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service.

MINNESOTA DEPARTMENT OF COMMERCE

85 7TH PLACE EAST, SUITE 280
SAINT PAUL, MINNESOTA 55101-2198
MN.GOV/COMMERCE
651.539.1600 FAX: 651.539.1574
AN EQUAL OPPORTUNITY EMPLOYER

June 5, 2017 **PUBLIC DOCUMENT**

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **PUBLIC Comments of the Minnesota Department of Commerce**
Docket No. P5188/PA-17-375

Dear Mr. Wolf:

Attached are the **PUBLIC** comments of the Minnesota Department of Commerce in the following matter:

> In the Matter of Securus Investment Holdings, LLC, Securus Technologies, Inc. and SCRS Acquisition Corporation for Approval to Transfer Indirect Control of Securus Technologies, Inc. to SCRS Acquisition Corporation

The filing was submitted on May 15, 2017 by:

> M. Cecilia Ray
> MOSS & BARNETT
> 4800 Wells Fargo Center
> 90 South Seventh Street
> Minneapolis, MN 55402

The Department recommends **approval** and is available to respond to any questions the Minnesota Public Utilities Commission may have on this matter.

Sincerely,

/s/ BRUCE L. LINSCHEID
Financial Analyst

BLL/ja
Attachment

MINNESOTA DEPARTMENT OF COMMERCE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

PUBLIC COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. P5188/PA-17-375

I. BACKGROUND

On May 15, 2017, the Minnesota Department of Commerce (the Department) received a copy of a petition (Petition) for Minnesota Public Utilities Commission (Commission) approval by Securus Technologies, Inc. (STI), SCRS Acquisition Corporation (SCRS or Transferee) and Securus Investment Holdings, LLC (SIH or Transferor, and collectively with STI and SCRS or Transferee, the Petitioners) for the transfer of ultimate control of STI from SIH to SCRS (the Transaction).

The Petitioners entered into a Stock Purchase Agreement (Agreement) on April 29, 2017 whereby STI will become a wholly owned, indirect subsidiary of SCRS and its parent companies. STI provides inmate telephone services in Minnesota and serves a number of confinement facilities throughout the state.[1] The Transferor or SIH is a holding company with no operations of its own. The Transferee or SCRS is newly formed and established for the purposes of the Transaction by Platinum Equity Capital Partners IV, L.P. (Platinum), a private equity fund with more than $11.0 billion of assets under management and a portfolio of approximately 30 operating companies (see attached, Pre- and Post-Ownership Structure of STI).[2]

The Petitioners expect that the proposed transaction will be in the public interest because it will provide STI access to the additional financial resources of Platinum to better meet the needs of its customers and compete in the telecommunications marketplace. STI will continue to be managed and operated by the same officers and personnel, supplemented by the management of Platinum. Customers' rates, terms and conditions will not be changed as a result of the Transaction, and no interruptions of service is expected as a result of the Transaction. The only change immediate following closing of the Transaction from a customer's perspective will be that STI's ultimate ownership will change.

[1] Commission Order, Docket No. P5188/CT-95-425, October 6, 1995.
[2] Petition, p. 3.

II. STATEMENT OF ISSUES

A. Does the proposed transfer of control require Commission approval?

B. Is the transfer of control in the public interest?

C. Have the Petitioners complied with Minnesota law requiring prior Commission approval of the transfer of control?

D. Should STI's certificate of authority be cancelled?

E. Are there additional regulatory requirements?

III. LEGAL REFERENCES

Minn. Stat. § 237.74, subd. 12 provides that no telecommunications carrier shall construct or operate any line, plant, or system, or any extension of it, or acquire ownership or control of it, either directly or indirectly, without first obtaining from the commission a determination that the present or future public convenience and necessity require or will require the construction, operation, or acquisition, and a new certificate of territorial authority.

The Commission clarified its position regarding the regulation of inmate telephone service in its Order in Docket No. P999/DI-07-204 on July 26, 2007 when it stated:

- The Commission acknowledges the need to refresh and clarify the record on inmate telephone service, recognizing that many changes have occurred in the telecommunications industry and applicable state laws since it issued its inmate telephone service orders in 1992-1993.
- With the passage of Minn. Stat. § 237.036 in 1999, Commission approval or receipt of a certificate of authority for coin-operated or public pay telephone service was no longer necessary, and registration alone was required.
- The rationale for exempting payphones form regulation was essentially the ubiquity of competition and technological progress. Consumer choice was readily available, and little need existed for continued regulation. That rationale clearly does not apply to the limited service and literally captive consumers incarcerated in correctional facilities who have no opportunity to dial around the operator service provider or access other carriers. Nor does it apply to the recipients of the inmate telephone communications, who, in the case of collect calls from an inmate, pay for the call, but who have no opportunity to choose the service provider, or to avoid or minimize inmate-initiated calls.
- Certainly, the public interest clearly requires regulation of inmate telephone service, and it would be unreasonable to construe payphone regulation as including inmate telephone service.

- After careful consideration, the Commission is satisfied that regulation of inmate service providers is unlike coin-operated or public pay telephone services, and that a certificate of authority is necessary. Inmate telephone service providers offer "telephone" or "telecommunications" service, including the provision of local and long distance service, both of which are regulated under Minn. Stat. Chapter 237.[3]
- Like competitive local exchange companies, inmate phone service providers are front-line providers of local and long distance service to a specific set of consumers. The Commission therefore will regulate inmate telephone service providers in a manner similar to competitive local exchange carriers, while recognizing certain inherent distinctions.
- Many of the more extensive filing requirements applicable to competitive local exchange companies simply will not apply to the limited form of service provided by inmate phone service providers. For example, the development of 911 plans, approval of interconnection agreements, and posting of notices (of rates and how to dial around the operator) are not available services to inmates in correctional facilities, and the Commission will exempt inmate services providers from compliance with these requirements.[4]

IV. ANALYSIS

A. COMMISSION ACTION IS NEEDED FOR THIS TRANSACTION

Like the acquisition of any regulated telecommunications provider, the acquisition of an inmate phone service provider requires prior Commission approval. The Commission has established a consistent precedent for requiring approval for any change of ownership affecting Minnesota telephone companies and telecommunications carriers. Commission approval is not required for corporate reorganizations in which ownership or control does not change and the operating company is not impacted by the reorganization.[5] However, ultimate control of STI changes, and the Commission should review the transaction to determine if the transaction is in the public interest.

B. THE PROPOSED TRANSFER OF CONTROL IS IN THE PUBLIC INTEREST

No change in the day-to-day management of STI is contemplated as a result of the Transaction, and the consolidated financial statements of STI's direct parent, Securus Technologies Holdings, Inc. (STH) on December 31, 2016 indicate that it has the resources to ensure that STI continues to provide reliable services. **[TRADE SECRET DATA HAS BEEN EXCISED]**

---

[3] *In the Matter of the Petition of the Minnesota Department of Commerce Regarding Regulation of Inmate Telephone Service*, ORDER AFFIRMING AND MODIFYING REGULATORY TREATMENT OF INMATE TELEPHONE SERVICE PROVIDERS, Docket No. P999/DI-07-204, July 26, 2007 at II.A, page 3.
[4] *2 Id.* at II.B, page 4.
[5] *In the Matter of an Application for Approval of a Corporate Reorganization by Winstar Wireless, Inc.,* Docket No P5246/PA-00-925, August 25, 2000.

STH appears to have the resources to ensure that STI continues operations, and the proposed transaction is in the public interest. No customer notice or tariff changes appear necessary because STI does not have presubscribed customers. No interruption of service or change in name, contact information, services, rates, terms or conditions of service is expected. In addition, Petitioners submit the following:

- The Transaction will not be completed prior to Commission approval.
- STH has the financial capability to support STI's continued provision of service in Minnesota.
- There will be no change in the operational status of STI following the consummation of this transaction.
- Existing senior management and key personnel of STI will continue in their present positions.
- No customer notice will be issued because STI will continue as the operating company serving confinement facilities in Minnesota.
- No tariff changes are necessary as a result of the transaction because the rates, terms and conditions of service changes remain the same.
- STI will continue to prepare and file all jurisdictional annual reports in compliance with applicable Commission regulations and requirements.
- The Commission will be notified within twenty days of the closing of this transaction.
- As an inmate service provider certificated as an Alternate Operator Services (AOS) provider, STI does not submit 911 plans, enter into interconnection agreements, obtain NXX codes or pay Telephone Assistance Program (TAP) charges.

C. THE PETITIONERS HAVE COMPLIED WITH THE REQUIREMENT TO REQUEST PRIOR COMMISSION APPROVAL FOR THE PROPOSED TRANSFER OF CONTROL

The Petitioners filed the request for Commission approval of the proposed transfer of control on May 15, 2017 and requested Commission action as soon as possible. The proposed transaction will not close prior to the Commission's approval. **[TRADE SECRET DATA HAS BEEN EXCISED]** No violation of Minn. Stat. § 237.74, subd. 12 is expected to occur.

D. STI'S OPERATING AUTHORITY SHOULD NOT BE CANCELLED

STI does not seek to cancel its Certificate of Authority. STI will remain a separate operating company and will continue to provide service under the name of Securus Technologies, Inc. under the ultimate control of SCRS or Transferee. It will operate under the terms and conditions of its tariff on file with the Commission and will continue to provide uninterrupted services.

E. STI SHOULD COMPLY WITH THE NOTICE REQUIREMENTS ESTABLISHED IN DOCKET NO. 11-1063

As noted above, STI is regulated, with limited exceptions, as a Competitive Local Exchange Carriers pursuant to the Commission's Order in Docket P999/DI-07-204. It is important to note that STI, as an inmate service provider (ISP), not only provides telecommunications services to prisons, jails, penal facilities, and other institutions,[6] but also provides of telecommunications services to the inmates themselves who, as end users of the service, may purchase local or long distance service on a prepaid basis, or through use of an inmate "account." In addition, STI provides service to the end users (i.e. families and loved ones of incarcerated individuals) who accept calls from inmates. These end users are typically billed by their local service provider on behalf of the inmate service provider, but in cases in which the local service provider does not provide billing service to the Internet Service Provider (ISP), the end user must establish "advance pay" accounts directly with the ISP, prior to accepting collect calls from inmates.

While the contracts with penal institutions may provide for per call and per minute rates that the ISPs are permitted to charge end users, the contracts often do not provide for or address monthly surcharges and fees, advance payments, and deposits that may be charged to end users. The contracts also do not typically address billing, disclosure, tariffing, customer notifications, or handling of disputes. As a competitive local exchange and intrastate interexchange service providers, however, STI is subject to the provisions of Minnesota Statutes Chapter 237 and Minnesota Rules Chapters 7811 and 7812 to the extent that such rules apply. For example, to the extent that the inmate service provider has a billing relationship (whether through a local service provider, or through an advance pay account) with an end user, (i.e. a friend or relative of an inmate who wishes to maintain contact through accepting collect calls placed by his or her loved one), the end user should be provided information as to charges, billed according to Minnesota Rules, and should be notified when rates increase or a surcharge is implemented.

Further, the penal institution who, as noted above, receives a commission - provided for by contract, and based upon a percentage of the ISP's revenue – should be made aware of the implementation of any rate, surcharge, fee, or deposit that is not specifically provided for in the contract, *prior to* its implementation, if not prior to contract negotiation.[7]

---

[6] The services offered to correctional facilities are usually provided pursuant to a contract which is awarded through a competitive bidding process. Typically, the contract provides for an arrangement whereby the ISP pays a percentage of the revenue it collects from end user customers to the correctional institution with which it has a contract or other agreement.

[7] In Docket No. P/11-216, for example, Global Tel*Link Corporation (GTL) proposed to implement "wireless termination surcharge." However, the Minnesota Department of Corrections (Department) informed the Department that implementing such a charge would constitute a violation of the contract in place between GTL and the Department. GTL subsequently revised the tariff language to indicate that said charge would not apply in Minnesota.

The Department recommends that as a condition to approval of the transfer of control, the Commission require that STI commits to take the following actions:

1. Prior to the billing of any intrastate surcharges, or fees that result in a price increase to Minnesota end users, a tariff must be filed pursuant to Minnesota Rule 7812.2210 subpart 3(B), and there should be an opportunity for parties to comment.

2. End users with whom STI has billing relationships (either through a local exchange carrier or an advance pay account), must be provided with advance notice of any increase (including the implementation of surcharges or fees).

3. All deposits, advance payments, fees, and all other end-user terms and conditions associated with advance pay accounts, must be tariffed pursuant to Minn. Rule 7812.2210 subpart 2B.

4. To the extent that any such charges, fees, advance payments or deposits (collectively "charges") that apply to customers are not specifically provided for by contract, the institution to whom STI provides a service must be notified of the charges prior to any billing of such charges.

V. COMMISSION ALTERNATIVES

1. Approve the transfer of ultimate control of Securus Technologies, Inc. to SCRS Acquisition Corporation.

    - Petitioners must file a notice of consummation within 20 days of the closing of the transaction.
    - Securus Technologies, Inc. will continue to provide inmate telephone services under its current authority.
    - Securus Technologies, Inc. will continue to prepare and file all jurisdictional annual reports in compliance with applicable Commission regulations and requirements.
    - Prior to the billing of any intrastate surcharges, or fees that result in a price increase to Minnesota end users, a tariff must be filed pursuant to Minnesota Rule 7812.2210 subpart 3(B), and there should be an opportunity for parties to comment.
    - End users with whom Securus Technologies, Inc. has billing relationships (either through a local exchange carrier or an advance pay account), must be provided with advance notice of any increase (including the implementation of surcharges or fees).
    - All deposits, advance payments, fees, and all other end-user terms and conditions associated with advance pay accounts, must be tariffed pursuant to Minn. Rule 7812.2210 subpart 2B.

- To the extent that any such charges, fees, advance payments or deposits (collectively "charges") that apply to customers are not specifically provided for by contract, the institution to whom Securus Technologies, Inc. provides a service must be notified of the charges prior to any billing of such charges.

2. Approve the Petition with Modifications.

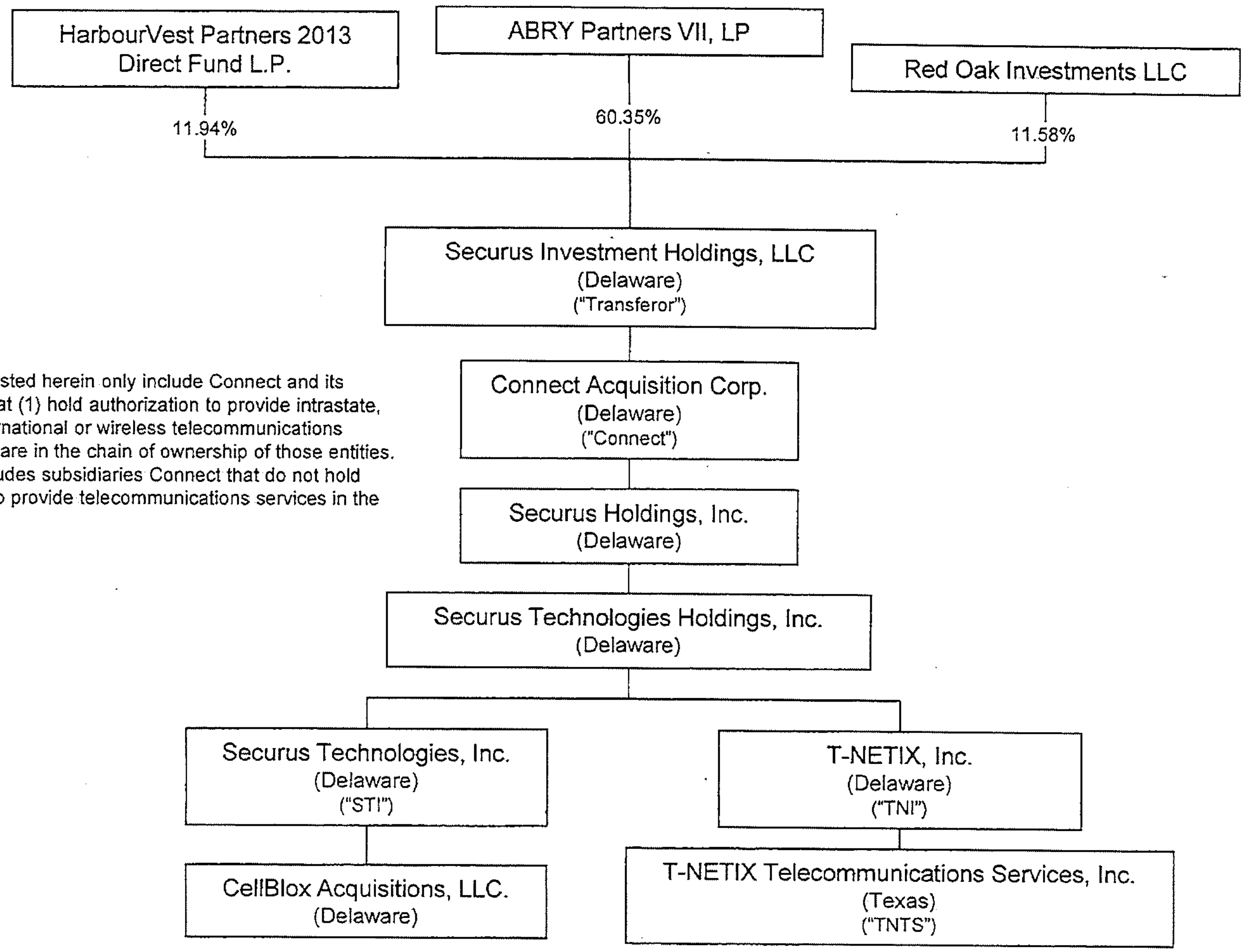
3. Reject the Petition.

VI. RECOMMENDATION

The Department recommends that the Commission approve Alternative 1.

/ja

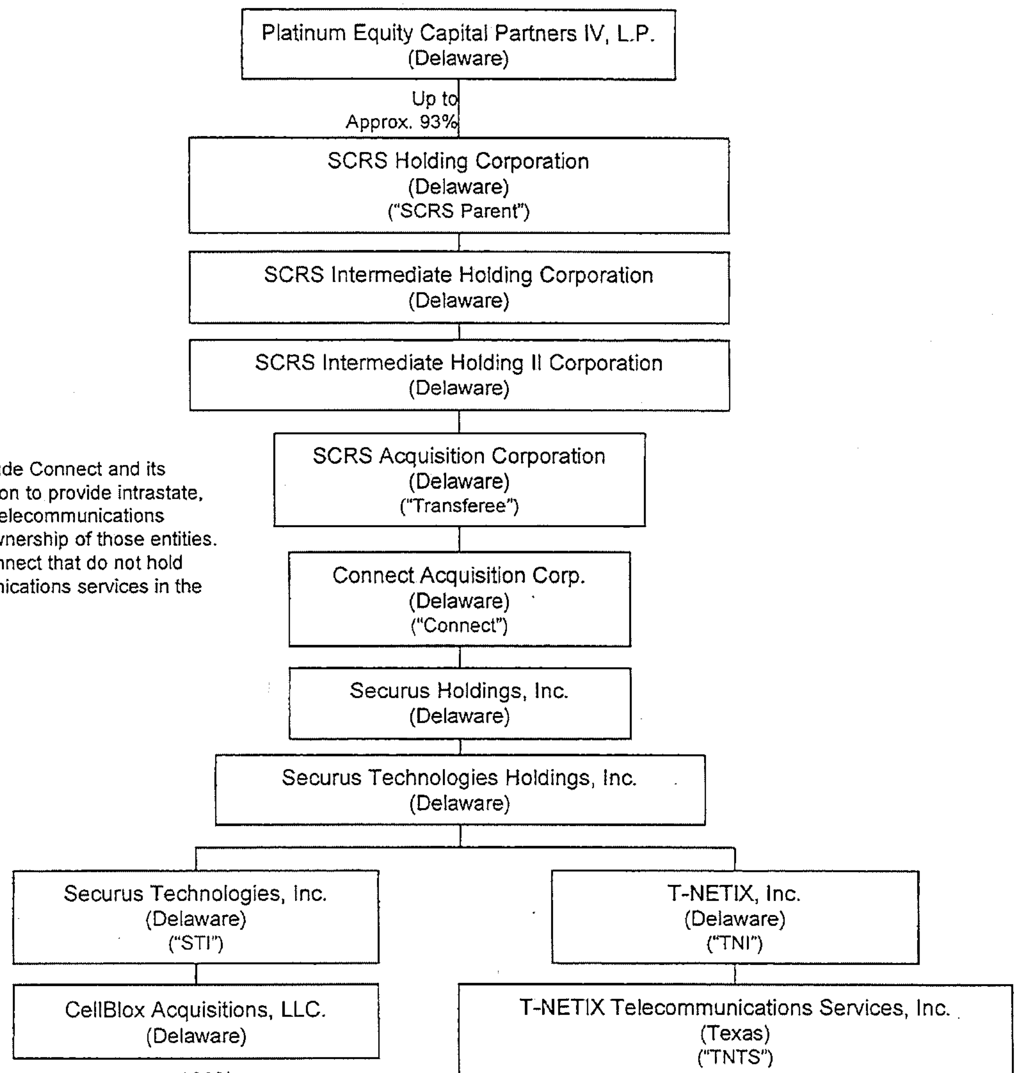
Pre-Transaction Ownership Structure of STI*



* The entities listed herein only include Connect and its subsidiaries that (1) hold authorization to provide intrastate, interstate, international or wireless telecommunications services or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries Connect that do not hold authorization to provide telecommunications services in the United States.

Unless indicated all ownership percentages are 100%.

Post-Transaction Ownership Structure of STI*



* The entities listed herein only include Connect and its subsidiaries that (1) hold authorization to provide intrastate, interstate, international or wireless telecommunications services or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries Connect that do not hold authorization to provide telecommunications services in the United States.

Unless indicated all ownership percentages are 100%.

CERTIFICATE OF SERVICE

I, Robin Benson, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

Minnesota Public Utilities Commission
ORDER

Docket Number: **P5188/PA-17-375**

Dated this **12th** day of **July, 2017**

/s/ Robin Benson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_17-375_PA-17-375
Paul C.	Besozzi	pbesozzi@pattonboggs.com	Patton Boggs LLP	2550 M St. NW Washington, DC 20037	Electronic Service	Yes	OFF_SL_17-375_PA-17-375
Linda	Chavez	linda.chavez@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 55101-2198	Electronic Service	No	OFF_SL_17-375_PA-17-375
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_17-375_PA-17-375
Brett	Ferenchak	brett.ferenchak@morganlewis.com	Morgan, Lewis & Bockius LLP	1111 Pennsylvania Ave., N.W. Washington, District of Columbia 20004-2541	Electronic Service	No	OFF_SL_17-375_PA-17-375
Eva	Kalawski	ekalawski@platinumequity.com	Platinum Equity, LLC	360 N Crescent Dr, South Bldg Beverly Hills, CA 90210	Electronic Service	No	OFF_SL_17-375_PA-17-375
M.	Ray	cecilia.ray@lawmoss.com	Moss & Barnett	Suite 1200 150 S. 5th Street Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_17-375_PA-17-375
Dennis J	Reinhold	dreinhold@securustechnologies.com	Securus Technologies, Inc.	4000 International Pkwy Carrollton, TX 75007	Electronic Service	Yes	OFF_SL_17-375_PA-17-375
William B	Wilhelm, Jr.	william.wilhelm@morganlewis.com	Morgan, Lewis & Bockius LLP	2020 K Street NW Washington, DC 20006	Electronic Service	No	OFF_SL_17-375_PA-17-375
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_17-375_PA-17-375

Mississippi
(Transfer of Control)

BEFORE THE
MISSISSIPPI PUBLIC SERVICE COMMISSION

2017-UA-093 **SECURUS TECHNOLOGIES, INC.** **TC 123110200 and** **TC 123110201**	**IN RE**	**JOINT PETITION OF SECURUS INVESTMENT HOLDINGS, LLC, SECURUS TECHNOLOGIES, INC. AND SCRS ACQUISITION CORPORATION FOR APPROVAL TO TRANSFER INDIRECT CONTROL OF SECURUS TECHNOLOGIES, INC.**

ORDER

HAVING COME ON for consideration of the Joint Petition filed with the Mississippi Public Service Commission ("Commission") on May 15, 2017, by Securus Investment Holdings, LLC ("Transferor" or "SIH"), Securus Technologies, Inc. ("STI"), and SCRS Acquisition Corporation ("Transferee" or "SCRS") (collectively, the "Parties") seeking approval to transfer indirect control of STI to Transferee. The Commission, being fully apprised in the premises and having considered the documents, pre-filed testimony, and record before it, as authorized by law and the Commission's Public Utilities Rules of Practice and Procedure, and upon recommendation of the Mississippi Public Utilities Staff ("Staff"), finds as follows:

1. The Commission has jurisdiction to enter this Order, and entry hereof is in the public interest.

2. Due and proper notice of the Joint Petition was given as required by law and by the Commission's Public Utilities Rules of Practice and Procedure.

3. There were no intervenors or protestants of record in this matter before the Commission.

4. STI is a Delaware corporation with its principal place of business at 4000 International Parkway, Carrollton, Texas 75007. STI is a wholly owned, indirect subsidiary of Transferor and Connect Acquisition Corp. ("Connect"). STI provides telecommunications services to a number of confinement and correctional facilities in the District of Columbia and approximately 46 states, including in Mississippi. STI is also authorized by the Federal Communications Commission to provide domestic and international telecommunications services. In Mississippi, STI is authorized to provide inmate telephone services and resold interexchange telecommunications services pursuant to Certificates of Public Convenience and Necessity ("CPCNs") granted in Docket Nos. 92-UA-0213, 95-UA-0193, and 94-UA-0759.

STI's CPCNs were granted to its predecessors, namely, Talton Telecommunications Corporation (Docket Nos. 92-UA-0213 and 95-UA-0193) and AmeriTel Pay Phones, Inc. (Docket No. 94-UA-0759). The CPCNs of Talton Telecommunications Corporation and AmeriTel Pay Phones, Inc. were transferred to Evercom Systems, Inc. in Docket No. 98-UA-0790. On November 5, 2010, the Commission entered its Order Approving Name Change of Evercom Systems, Inc. to Securus Technologies, Inc.

5. Transferor, a Delaware limited liability company, is a holding company with no operations of its own. Transferor's principal address is c/o ABRY Partners, 111 Huntington St., 29th Floor, Boston, Massachusetts 02199. Transferor directly owns 100% of Connect, which will be acquired by Transferee in connection with the Transaction. The controlling interests in Transferor 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.

6. Transferee is a newly formed Delaware corporation established for the purposes of the Transaction. Transferee's principal address is c/o Platinum Equity, 360 North Crescent

Drive, South Building, Beverly Hills, California 90210. Transferee 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. ("PECP IV"), a Delaware limited partnership, will be the majority owner of SCRS Parent.

7. Pursuant to a Stock Purchase Agreement by and among SIH, 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). PECP IV will be the ultimate majority owner of STI.

8. Testimony in support of the Joint Petition and Transaction was filed of record in this Docket by Dennis J. Reinhold, General Counsel, Vice President and Secretary for STI, and Eva M. Kalawski, General Counsel, Executive Vice President and Secretary for SCRS.

9. The Transaction should serve the public interest. STI will continue to be managed and operated by the same officers and personnel, but they will be supplemented by management of Transferee and Platinum Equity. Further, STI should have access to additional financial resources through its relationship with Transferee and Platinum Equity. This should enable STI to better meet the needs of its customers and thus better compete in the telecommunications marketplace. The Transaction should have no adverse impact on the customers of STI. Immediately following the Transaction, STI will continue to provide services at the same rates and on the same terms and conditions as are currently in effect. Future changes in the rates, terms and conditions of service to STI's customers, if any, will be undertaken pursuant to the applicable federal and state requirements and STI's contractual obligations. The Transaction

should not result in an interruption or disruption of service, and it should be seamless and transparent to customers. The only change immediately following closing of the Transaction from a customer's perspective should be that STI's ownership will change, with Transferee (and its parent companies) being its indirect owner.

10. Accordingly, this Commission having jurisdiction of the parties and the subject matter, and after having considered the Joint Petition and the documents in support thereof, and upon recommendation of the Staff, finds that the relief sought should be granted.

IT IS, THEREFORE, ORDERED that:

1. The Transaction whereby SCRS Acquisition Corporation will acquire indirect control of Securus Technologies, Inc. is approved.

2. Any requirement of customer notice is hereby waived.

3. The grant of approval of the Transaction by way of this Order is conditioned upon the Parties notifying the Commission within six (6) months of the date of this Order of the approval by the Federal Communications Commission of the change of control. In the event this condition is met, this Order shall remain in effect without further action by the Commission. In the event this condition is not met, this Order shall be void.

This Order shall be deemed issued on the day it is served upon the parties herein by the Executive Secretary of this Commission who shall note the service date in the file of this Docket.

Chairman Brandon Presley voted aye; Vice-Chairman Cecil Brown voted aye; and Commissioner Samuel F. Britton voted aye.

Dated this, the 1st day of August, 2017.

MISSISSIPPI PUBLIC SERVICE COMMISSION

Brandon Presley, Chairman

Cecil Brown, Vice-Chairman

Samuel F. Britton, Commissioner

ATTEST: A true copy

Katherine Collier
Executive Secretary

Effective this the 1st day of August, 2017.

Nebraska
(Financing)

Nebraska Public Service Commission

COMMISSIONERS:
ROD JOHNSON
FRANK E. LANDIS
CRYSTAL RHOADES
MARY RIDDER
TIM SCHRAM

EXECUTIVE DIRECTOR:
JEFFREY L. PURSLEY

300 The Atrium, 1200 N Street, Lincoln, NE 68508
Post Office Box 94927, Lincoln, NE 68509-4927
Website: psc.nebraska.gov
Phone: (402) 471-3101
Fax: (402) 471-0254

NEBRASKA CONSUMER HOTLINE:
1-800-526-0017

July 5, 2017

CERTIFICATION

To Whom It May Concern:

I, Shanicee Knutson, Deputy Director of the Nebraska Public Service Commission, hereby certify that the enclosed is a true and correct copy of the original order made and entered in the proceeding docketed C-4929 on the 5th day of July 2017. The original order is filed and recorded in the official records of the Commission.

Please direct any questions concerning this order to Nichole Mulcahy, Legal Counsel, at 402-471-3101.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Seal of the Nebraska Public Service Commission, Lincoln, Nebraska, this 5th day of July 2017.

Sincerely,

Shanicee Knutson
Deputy Director

SK:sh
Enclosure

cc: Kevin M. Saltzman, Kutak Rock LLP, 1650 Farnam Street, The Omaha Building, Omaha, NE 68102-2186
William B. Wilhelm, Jr., Brett P. Ferenchak, Morgan, Lewis & Bockius LLP, 1111 Pennsylvania Avenue, NW, Washington, DC 20004-2541
Eva M. Kalawski, Platinum Equity, 360 North Crescent Drive, South Building, Beverly Hills, CA 90210
Paul C. Besozzi, Squire Patton Boggs (US)LLP, 2550 M Street, NW, Washington, DC 20037
Dennis J. Reinhold, Securus Technologies, Inc., 4000 International Pkwy, Carrollton, TX 75007

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of SCRS Acquisition Corporation, Beverly Hills, California, and Securus Technologies, Inc., Carrollton, Texas, seeking approval for certain financing arrangements.	)	Application No. C-4929 GRANTED Entered: July 5, 2017

BY THE COMMISSION:

On May 16, 2017, an application was filed by Securus Technologies, Inc., (STI) of Carrollton, Texas, and SCRS Acquisition Corporation, (SCRS) of Beverly Hills, California seeking approval for STI to participate in financing arrangements concurrently with or following completion of a holding company level transaction wherein control of STI is indirectly transferred to SCRS. Notice of the application was published in The Daily Record, Omaha, Nebraska, on May 22, 2017. No protests were filed; therefore, this application is processed pursuant to the Commission's rule of modified procedure.

O P I N I O N   A N D   F I N D I N G S

The Parties and Transaction

Securus Investment Holdings, LLC, (SIH) Connect Acquisition Corp., (Connect) and SCRS entered into an agreement April 29, 2017, wherein SCRS would acquire all stock of Connect. Connect would become a wholly owned direct subsidiary of SCRS. STI is a wholly owned indirect subsidiary of Connect. As Connect becomes a direct subsidiary of SCRS, STI will become a wholly owned indirect subsidiary of SCRS. STI provides telecommunications services to a number of confinement and correctional facilities in the District of Columbia and approximately 46 states including Nebraska. STI possesses a Certificate of Public Convenience and Necessity, C-1994, issued by the Nebraska Public Service Commission. However, because the transfer is occurring at the Holding Company level, SCRS is not seeking approval for the initial transaction.[1]

The Financing Arrangements

[1]Docket C-1746/PI 19, In the Matter of the Nebraska Public Service Commission, on its own motion, to conduct an investigation to determine when the Commission has jurisdiction to authorize acquisitions, mergers, or other transfers of control, Clarification Order. (Entered March 10, 1998) (Commission held they do not have jurisdiction where the transaction occurs at the Holding Company level or higher.)

SCRS, as part of the transaction in which it gains control of Connect, is seeking to participate in a variety of financing arrangements. STI as part of the assets acquired, would be expected to participate in certain financing arrangements. It is anticipated that SCRS would be the initial borrower to complete the initial purchase transaction. The borrower may change to one or more of the parent companies or operating companies, including STI, upon completion of the initial transaction.

The financing arrangements may include notes or debentures; conventional credit facilities, such as revolving and term loan credit facilities; letters of credit; bridge loans; or a combination thereof. SCRS and STI indicate maturity of the indebtedness could be up to 10 years depending on the type of debt instrument. The interest will depend on the type of debt instrument and may be fixed or floating.

In addition to STI having potential to be a borrower, SCRS acknowledges some of the financing arrangements may be secured facilities. SCRS and STI seek authority to grant a security interest in STI as a part of its assets and holdings. 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.

SCRS and STI state that the financing arrangements may be used for acquisitions, including the purchase price for the transaction and associated fees and costs, repayment of existing long term indebtedness of Connect and its subsidiaries, future refinancing of existing debt, working capital requirements, and other general corporate purposes of the company.

The Applicants state the financing arrangement and transfer of control will be seamless to customers and will not result in a change to any rate, term or condition of service. Additionally, there will be no discontinuance, reduction, or impairment of service to any customer as a result of the transaction and transfer.

The Applicant further states the financing transactions are in the public interest and will allow STI to continue to provide high quality telecommunications services and gain access to additional resources and the operational expertise of SCRS. They further state the transaction will enable STI to become a stronger competitor to the ultimate benefit of consumers.

Applicant seeks approval from the Commission pursuant to Neb. Rev. Stat. § 75-148, which states in pertinent part,

> A common carrier may issue stock, bonds, notes, or other evidence of indebtedness, payable at periods of more than twelve months after the date thereof, when necessary for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement or maintenance of its service, or the discharge or lawful refunding of its obligations if the common carrier first secures from the Commission an order authorizing such issue and the amount thereof and stating that in the opinion of the Commission the use of the capital to be secured by the issue of such stock, bonds, notes, or other evidence of indebtedness is reasonably required for the purposes of the carrier [. . .] The provisions of this section shall not apply to the security issuances of common carriers who are under the control of a federal regulatory agency.

Applicants do note that STI is regulated by the Federal Communication Commission and should not be subject to Commission control in this situation, but seek permission out of caution.

Upon review of the evidence, the Commission finds that the application filed herein is in compliance with the applicable Nebraska Statutes and that the debt financing agreement and transfer of control is reasonably required for the aforementioned purpose. The application is fair, reasonable and in the public interest and should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-4929 be, and is hereby granted.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 5th day of July, 2017.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Mary Ridder

Crystal Rhoades

//s//Frank E. Landis

//s//Tim Schram

Tim Schram

Chairman

ATTEST:

Deputy Director

New York
(Financing and Transfer of Control)

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on July 13, 2017

COMMISSIONERS PRESENT:

John B. Rhodes, Chair
Gregg C. Sayre
Diane X. Burman
James S. Alesi

CASE 17-C-0254 – Petition of Securus Investment Holdings, LLC; Securus Technologies, Inc. and SCRS Acquisition Corporation for Approval of a Proposed Transaction Pursuant to Sections 99, and 100 of the Public Service Law.

CASE 17-C-0255 – Petition of Securus Technologies, Inc. and SCRS Acquisition Corporation for Approval of a Proposed Transaction Pursuant to Section 101 of the Public Service Law.

ORDER APPROVING TRANSFER OF CONTROL AND ASSOCIATED FINANCING

(Issued and Effective July 13, 2017)

BY THE COMMISSION:

INTRODUCTION

In this Order, the Commission approves petitions filed by Securus Investment Holdings, LLC (SIH), Securus Technologies, Inc. (STI) and SCRS Acquisition Corporation (SCRS) collectively, the Petitioners) on May 9, 2017, to complete a transfer of indirect control of STI to SCRS (the Transaction,) and for STI to participate in certain financing arrangements as a borrower or co-borrower for an aggregate amount of up to $2.6 billion (Financing Arrangements).

BACKGROUND

Securus Technologies, Inc. (STI)

STI is a Delaware corporation with its principal place of business at 4000 International Parkway, Carrollton, Texas 75007. STI is a wholly owned, indirect subsidiary of SIH and Connect Acquisition Corporation (Connect).[1] STI operates as a on-facilities based Competitive Local Exchange Carrier (CLEC) in New York, and provides telecommunications services to a number of confinement and correctional facilities in the District of Columbia and approximately 46 States, including the State of New York.[2] STI's authorization to provide telecommunications services is pursuant to a Certificate of Public Convenience and Necessity (CPCN) issued by the Commission in Case 97-C-1921.[3]

SCRS Acquisition Corporation (SCRS)

SCRS, a Delaware corporation established for the purposes of the Transaction, is a wholly owned subsidiary of SCRS Holding Corporation (SCRS Parent), also a Delaware corporation. Its principal address is c/o Platinum Equity, 360 North Crescent Drive, South Building, Beverly Hills, California 90210.

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[1] Connect Acquisition Corp (Connect) is a subsidiary company of Securus Investment Holdings, LLC.

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

[3] The CPCN was originally issued to InVision, Inc. in Case 95-C-0872 and was subsequently transferred to Talton Holdings, which subsequently, through a series of mergers and other transactions and reorganizations, became Securus Technologies.

THE PETITIONS

The Petitioners are seeking expedited authorization, pursuant to Public Service Law (PSL) §§99 and 100 to execute a Transaction whereby SCRS will acquire Securus Investment Holdings, LLC (SIH), and as a result, acquire indirect control of STI. The Petitioners also request Commission approval, pursuant to PSL §101,[4],[5] for STI to participate in certain financing arrangements concurrently with the Transaction. The Petitioners state that expedited treatment is necessary to avoid the companies paying significant daily ticking fees that would result with a delay in closing the Transaction. The Petitioners further assert that the payment of the daily ticking fees could deprive them of large sums of money they could otherwise use to enhance the services provided to customers in New York, to pay for a portion of the purchase price, or to repay the existing debt of Connect and its subsidiaries.

The Petitioners state that pursuant to a certain Stock Purchase Agreement by and among SIH, Connect and SCRS (the Companies), dated April 29, 2017, SCRS will acquire all of the stock of Connect from SIH. As a result, Connect will become a wholly owned, direct subsidiary of SCRS and STI will become a wholly owned, indirect subsidiary of SCRS (and its parent companies). Platinum Equity Capital Partners IV, L.P. will be the ultimate majority owner of STI. Appendix A illustrates the ownership structure of both pre-and post-transaction.

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[4] Pursuant to PSL §101, consent is presumed after 45 days unless it is determined, as it has been here, that the public interest requires the Commission's review and written opinion.

[5] Since actions under PSL §§99, 100, 101 are exempt from the State Administrative Procedure Act §102(2) (b) (xiii), no notice of these petitions were published in the State Register.

The Petitioners also state that upon authorization STI will participate in certain financing arrangements as a borrower or co-borrower for an aggregate amount of up to $2.6 billion, which the Petitioners state will use to fund some or all of the Connect stock purchase and the repayment of Connect and its subsidiaries' long-term debt.[6] The Petitioners note that they may also use the funding for future financings of existing debt, working capital and/or other general corporate purposes. The Petitioners expect the Financing Arrangement to include one or more of the following debt instruments: notes or debentures (including notes convertible into equity and private notes that may be changed to public notes); conventional credit facilities such as revolving and term loan; letters of credit; and bridge loans, or a combination thereof. The Petitioners state that the financing will be secured by the equity of SCRS and all of its current and future subsidiaries, including STI, and all subsidiaries including STI will guaranty the full aggregate amount of the financing.

The Petitioners state that STI will have access to additional financial resources through the transfer of indirect control and through its post-Transaction corporate ownership structure and relationship. Petitioners anticipate that this new financial access will strengthen STI and enable it to provide better services to its customers, and enhance competition in the telecommunications market.

The Petitioners represent that STI will continue to be managed and operated by the same officers and personnel, supplemented by additional management within the corporate

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[6] Connect's outstanding long-term debt is approximately $785 million, as of May 2, 2017.

structure, and expect that STI will reap the benefits of the combined companies' operational efficiencies.

The Petitioners state that the transaction will have no adverse impact on STI customers, and that immediately following the transaction, STI will continue to provide high-quality services at the same rates, terms and conditions as are currently in effect, and the transaction will be seamless and transparent to customers and not result in an interruption or disruption of services.

DISCUSSION

Under PSL §§99, 100 and 101, it is necessary for the proposed transaction to be in the public interest in order for the Commission to grant its approval.

PSL §99(2) requires the consent of the Commission to any proposed transfer of its "works or system." As the Commission has noted in another merger case, "[a]lthough PSL §99(2) does not specify a standard of review, all such utility transfers have been interpreted as requiring an affirmative public interest determination by the Commission."[7] PSL §§100(1) and (3) require the Commission's consent to the acquisition of the stock of a telephone corporation.[8] Public Service Law §101 also requires the Commission's consent when telephone corporations issue debt.[9]

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[7] Case 05-C-0237, Joint Petition of Verizon Communications et al., Order Asserting Jurisdiction and Approving Merger Subject to Conditions (issued November 22, 2005), n. 46.

[8] Consent is presumed under PSL §§99 and 100 after 90 days unless it is determined, as it has been here, that the public interest requires the Commission's review and written opinion.

[9] Consent is presumed under PSL §101 after 45 days unless it is determined, as it has been here, that the public interest requires the Commission's review and written opinion.

In review of the Petitioners' stated public interest benefits and analysis of any potential harms resulting from the proposed transaction, the Commission finds that authorization of the transaction is in the public interest.

As a result of the transaction, STI will have access to additional financial resources through the transfer of indirect control and its relationship with SCRS and Platinum Equity, which should enable STI to provide better services to its customers and to enhance competition in the telecommunications marketplace. Further, as STI will continue to be managed and operated by the same officers and personnel, but will be supplemented by corporate structure management, it is likely that STI will benefit from the combined companies' operational efficiencies. As STI will continue to provide services at the same rates, terms, and conditions, as it does now, the transaction should be seamless to customers. Department of Public Service Staff's review of STI's consumer complaint history with the Department's Office of Consumer Services (OCS) found that no consumer complaints were received over the last three years. In addition, there will be no diminutive impact on the level of telecommunications competition post-transaction. Therefore, the transaction is in the public interest under PSL §§99 and 100.

Further, the Commission finds the transaction pursuant to PSL §101, to be in the public interest. STI operates in New York as a competitive local exchange carrier and there is not concern with respect to the New York regulated entities participating as co-borrowers, guarantors or issuers of security interests in regulated assets relative to the transaction debt because any leverage resulting from the transaction does not present a risk to any ratepayers.

CONCLUSION

The Commission finds authorization of the proposed transaction to be in the public interest. The Commission agrees that expedited authorization of the instant transaction could potentially result in avoided financing fees that could support company operations and enhanced services for New York customers. The Commission therefore grants its approval for SCRS to acquire SIH, and as a result the indirect control of STI, and for STI to participate in certain Financing Arrangements.

The Commission orders:

1. The Joint Petitions of Securus Investment Holdings, LLC (SIH); Securus Technologies, Inc.(STI); SCRS Acquisition Corporation (SCRS) to transfer the control of STI from SIH to SCRS pursuant to PSL §§99 and 100, and to issue debt pursuant to PSL §101 are approved.

2. Within 30 days after execution of the approved transfer of control, the parties shall inform the Secretary to the Commission in writing that the transfer is complete.

3. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

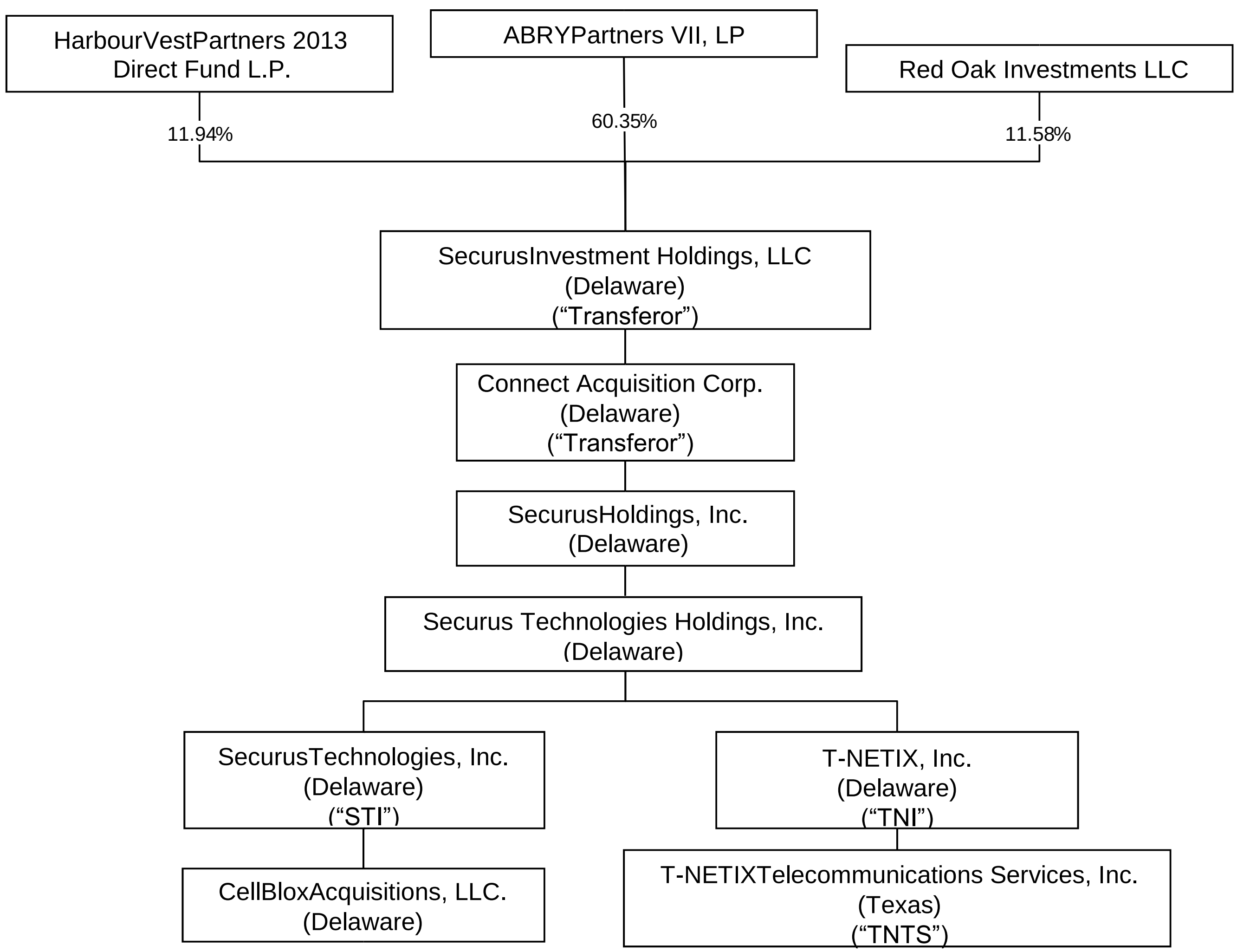
4. This proceeding is closed pending compliance with Ordering Clause 2.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary

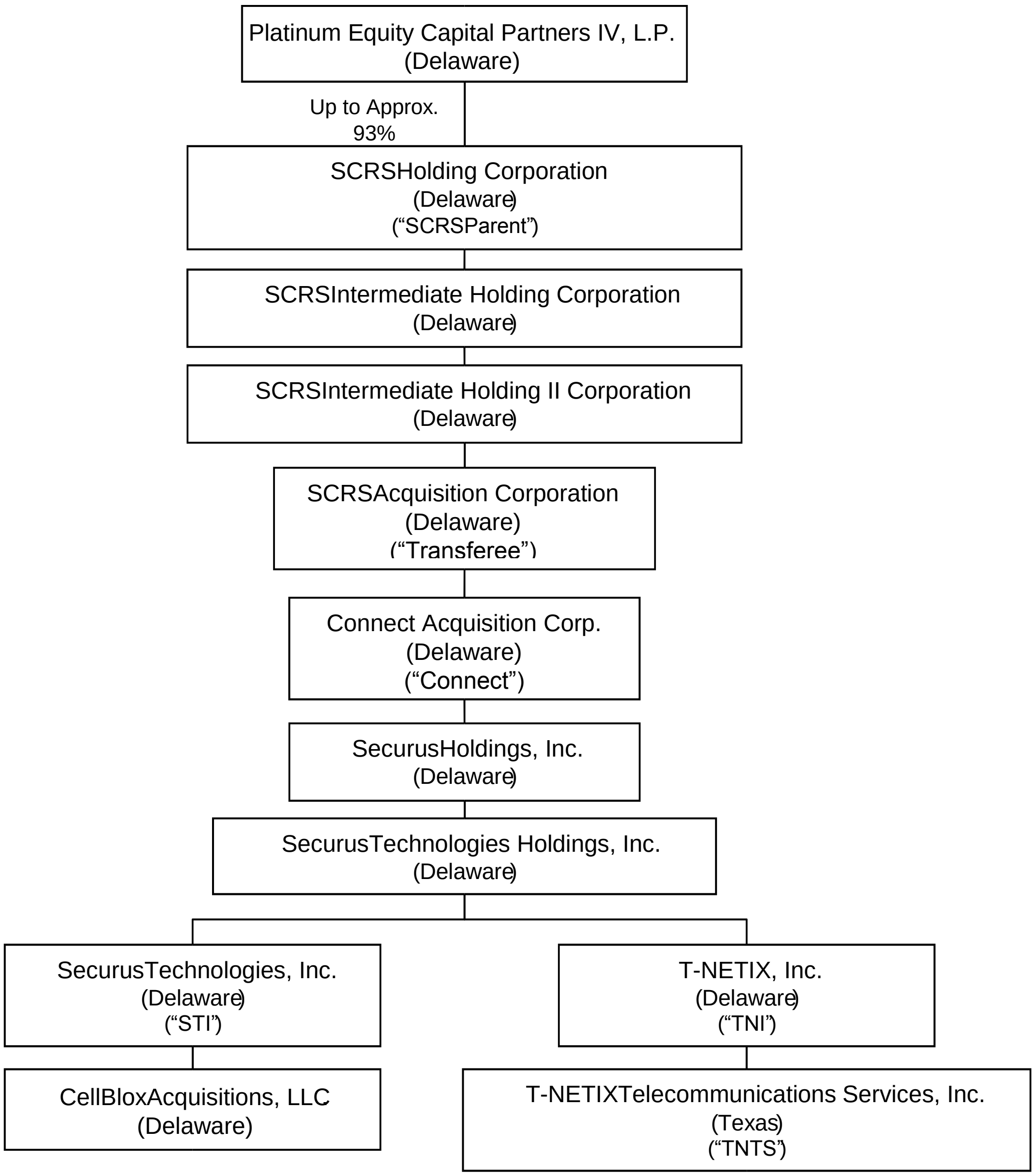
Pre-Transaction Ownership Structure of STI*



Unless indicated all ownership percentages are 100%.

*The entities listed herein only include Connect and its subsidiaries that (1) hold authorization to provide intrastate, interstate, international wireless telecommunications services or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries of Connect that do not hold authorization to provide telecommunications services in the United States.

Post -Transaction Ownership Structure of STI*



Unless indicated all ownership percentages are 100%.

*The entities listed herein only include Connect and its subsidiaries that (1) hold authorization to provide intrastate, interstate, international wireless telecommunications services or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries of Connect that do not hold authorization to provide telecommunications services in the United States.

Ohio
(Transfer of Control)

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application for approval to transfer indirect control of Securus Technologies, Inc. to SCRS Acquisition Corporation.	))))))	Case No.17-1260-TP-CIO 90-5787-TP-TRF

REVIEW AND RECOMMENDATION
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO

Securus Technologies, Inc. (Applicant) filed this application for approval of a parent level change in control. The Applicant is a competitive local exchange carrier (CLEC) authorized to provide inmate services pursuant to certificate 90-5787.

The Applicant requests Commission approval to transfer ownership of Connect Acquisition Corporation (Connect), the indirect parent company of the Applicant and a wholly owned subsidiary of Securus Investment Holdings, LLC (SIH), to SCRS Acquisition Corporation (SCRS), an indirect wholly owned subsidiary of Platinum Equity Capital Partners IV, L.P. (PECP IV).

The Applicant is a telephone company not providing BLES and filed all the required forms and attachments. Since this change in operation is completely transparent, no customer notice is required. As such the Applicants did not provide a copy of a customer notice. Therefore, Staff finds that the application, as filed, does meet all the requirements set forth in Rule 29 of the Telephone Company Procedures and Standards.

In conclusion, Staff finds the Applicants' application, as filed, does not appear to be unjust or unreasonable; therefore, Staff recommends that this application be permitted to remain in effect.

Pennsylvania
(Financing and Transfer of Control)

Secretary, PA Public Utility Commission
400 North Street, 2nd Floor
Harrisburg, Pennsylvania 17120

IN REPLY PLEASE REFER TO OUR FILE

June 5, 2017

S-2017-2604220

David P. Zambito
Cozen O'Conner
17 North Second Street Suite 1410
Harrisburg, PA 17101

Abbreviated Securities Certificates of Securus Technologies, Inc. to participate as guarantors of new, restated and previously issued debt up to an aggregate principal amount of $2.6 billion issued by SCRS Acquisition Corporation, as part of a change of control transaction.

Date Filed: May 15, 2017

Dear Attorney Zambito:

Please be advised that as of the date of this letter:

1. Pursuant to 52 Pa. Code §3.602, no order of rejection has been entered by the Commission with respect to the above-captioned Abbreviated Securities Certificate; and

2. The Secretary has not extended the 20-day consideration period set forth in 52 Pa. Code §3.602; and

3. No written order of the Commission has been entered pursuant to 66 Pa. C.S. §1903 extending the 30-day consideration period established therein.

It is, therefore, the view of the Pennsylvania Public Utility Commission, that the above-captioned Abbreviated Securities Certificate, is deemed, in fact and in law, to have been registered pursuant to the provisions of 66 Pa C.S. §1903 and 52 Pa. Code §3.602.

Sincerely

Rosemary Chiavetta
Secretary

cc: Anthony C. DeCusatis
Paul C. Besozzi
Eva M. Kalawski
Dennis J. Reinhold

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

July 31, 2017

A-2017-2604388

DAVID P. ZAMBITO, ESQUIRE
COZEN O'CONNOR
17 NORTH SECOND STREET SUITE 1410
HARRISBURG PA 17101

Re: Joint Application of Securus Investment Holdings, LLC, Securus Technologies, Inc., and SCRS Acquisition Corporation for Approval to Transfer Indirect Control of Securus Technologies, Inc. to SCRS Acquisition Corporation

Dear Mr. Zambito:

On May 16, 2017, Securus Investment Holdings, LLC (SIH), Securus Technologies, Inc. (STI), and SCRS Acquisition Corporation (SCRS) (collectively, Joint Applicants) filed a joint application pursuant to Chapter 11 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 1102(a) and 1103, the Commission's Statement of Policy Utility Stock Transfers at 52 Pa. Code § 69.901, and the Commission's Abbreviated Procedures for Review and Approval of Transfer of Control for Telecommunications Public Utilities, 52 Pa. Code §§ 63.321 – 63.325, seeking approval of a general rule transaction whereby SCRS will acquire indirect control of STI. The joint application has been filed as a general rule transaction because it involves a change in STI's controlling interest of more than 20%.

Pursuant to 52 Pa. Code § 5.14 relating to applications requiring notice, a notice of the transaction was published in the Pennsylvania Bulletin on May 27, 2017 with a protest period ending June 12, 2017, in Volume 47 of the Pennsylvania Bulletin (47 Pa.B. 3060). Additionally, copies of the Joint Application were served upon the Office of Consumer Advocate, the Office of Small Business Advocate, and the Commission's Bureau of Investigation & Enforcement. Further notice was not required and no protests or comments have been received.

STI, utility code 310614, is a jurisdictional Delaware corporation with its principal place of business located at 4000 International Parkway, Carrollton, Texas 75007. STI provides telecommunications services to confinement and correctional facilities in approximately 46 states and the District of Columbia. In Pennsylvania, STI is authorized to provide service as an interexchange (IXC) reseller pursuant to authority granted by the Commission at Docket No. A-310614. STI is also authorized by the FCC to provide domestic and international telecommunications services. Through Connect Acquisition Corp. (Connect), STI is a wholly-owned, indirect subsidiary of SIH.

SIH, a Delaware limited liability company with principal address located at 111 Huntington Street, 29th Floor, Boston, Massachusetts 02199, is a holding company with no operations of its own. The controlling interests in SIH are currently held by ABRY Partners VII, L.P., which is an affiliate of ABRY Partners, a Boston-based private equity investment firm focused solely on media, communications, business, and information services investments. SIH directly owns 100% of Connect. In connection with the proposed transaction, Connect will be acquired by SCRS.

SCRS, a Delaware corporation with principal address of c/o Platinum Equity, 360 North Crescent Drive, South Building, Beverly Hills, California 90210, was formed for the purpose of consummating the proposed transaction. 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 proposed transaction. Platinum Equity Capital Partners IV, L.P. (PECP IV), a Delaware limited partnership, will be the majority owner of SCRS Parent.

Platinum Equity, a global investment firm founded in 1995, has more than $11 billion of assets under management and a portfolio of approximately 30 operating companies serving customers worldwide. Platinum Equity specializes in mergers, acquisitions and operations, acquiring and operating companies in a broad range of business markets, including telecommunications. Platinum Equity is currently investing from PECP IV a $6.5 billion global buyout fund.

Pursuant to a Stock Purchase Agreement by and among SIH, Connect, and SCRS dated as of April 29, 2017, SCRS will acquire all the stock of Connect from SIH. As a result, Connect will be a wholly-owned direct subsidiary of SCRS, and STI will become a wholly-owned indirect subsidiary of SCRS. PECP IV will be the ultimate majority owner of STI.

The Joint Applicants aver that the indirect change of control is in the public interest. The transaction will enable STI to better meet the needs of its customers and to better compete in the telecommunications marketplace. This will occur because STI will continue to be managed and operated by the same officers and personnel, but will be supplemented by management of SCRS and Platinum Equity. STI will also have access to additional financial resources through its relationship with SCRS and Platinum Equity.

STI will continue to provide the same services in the same service territories, and the transaction will be seamless and transparent to customers; therefore, no prior notice of the transaction is warranted. The only change immediately following consummation will be that STI's ultimate ownership will change, but customers will continue to receive the same services from STI, and at the same rates, terms and conditions.

The Joint Applicants point out that although the transaction may enable STI to better compete in the telecommunications marketplace, it will not adversely affect competition within the telecommunications marketplace as a whole. STI will remain a competitor in the Pennsylvania marketplace, and Platinum Equity does not have any other telecommunication carriers in its current portfolio.

In their application, the Joint Applicants verify that the proposed transaction will have no effect on any tariffs or affiliated interest agreements, and that the transaction will not have a negative effect on the capital structure of STI over the next five years.

The Joint Applicants verify that they do not have eligible telecommunications carrier status under Federal or State law, are not subject to any broadband deployment commitment under Federal or State law, and that the proposed transaction complies with the prohibition against cross-subsidization imposed under Federal and State law.

The Joint Applicants state that applications seeking approval of the proposed transaction have been filed with other state commissions, as well as with the Federal Communications Commission (FCC).[1] In updates provided to the Commission following the filing of the application, the Joint Applicants also have advised that as of the date of this Secretarial Letter, all other state commissions that were required to approve the transaction have done so without the imposition directly or indirectly of any conditions, an averment that has factored into this action by the Commission today. Further, as of the date of this Secretarial Letter, the Joint Applicants advised that approval by the FCC without further conditions is imminent if not already provided. Finally, STI has noted that it currently directly employs approximately 25 persons in the conduct of its business within the Commonwealth of Pennsylvania.

In our review of this change in ownership, STI has committed to exploring the feasibility of addressing Inmate Calling Service rates and services in Pennsylvania in both state and county correctional institutions to which it provides service. First, with

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[1] The relevant Section 214 application was filed with the FCC on May 11, 2017 and has been assigned to WC Docket No. 17-126. It can be accessed online at https://www.fcc.gov/ecfs/filing/1051102799338. *See also* FCC Public Notice, Domestic Section 214 Application Filed for the Transfer of Control of Securus Technologies, Inc., T-Netix , Inc., and T-Netix Telecommunications Services, Inc. to SCRS Acquisition Corporation, WC Docket No. 17-126, May 23, 2017, DA 17-500; FCC Public Notice, Notice of Removal of Domestic Section 214 Application from Streamlined Treatment, WC Docket No. 17-126, June 19, 2017, DA 17-594.

respect to rates, STI has committed that it will seek to build upon its represented 72% reduction in rates that has occurred over the past five years. It will do this in particular with county correctional institutions by engaging in discussions with those institutions that have rates in excess of currently identified FCC standards.

With respect to ICS services, and in particular in order to better serve the customers served by STI, which customers are defined by the Commonwealth of Pennsylvania, its state and local correctional facilities, and the inmate population that they service, STI has also committed to exploring the feasibility of a tablet distribution program with the county correctional facilities as soon as practicable following the consummation of this transaction in light of the demonstrated educational, civil, and religious benefits STI has observed from this program at other facilities it serves outside of Pennsylvania.

Further, STI has further committed to exploring the feasibility of a "Job Assist Program" with the county correctional facilities it serves and to exploring the feasibility of a Prison Entrepreneurship Program (PEP) similar to the PEP deployed by STI or its affiliates in the state of Texas given the demonstrated benefits that STI has observed preparation for employment has played in markedly reducing recidivism in that state.[2]

Finally, the action the Commission takes in this Secretarial Letter is premised on the FCC approval of the same transaction at the federal level. The Commission reserves the right to subsequently impose conditions that may imposed in the context of the FCC's approval of the same transaction, consistent with applicable due process requirements under Pennsylvania law, and Joint Applicants have agreed to such reservation.

As required by 66 Pa. C.S. §§ 1102(a) and 1103, as well as the Commission's regulations at 52 Pa. Code § 63.324(k)(1), we find that the record as supplemented by the additional information and commitments provided by STI sufficiently support the Joint Applicants' claim that the proposed indirect change of control will provide substantial affirmative public benefit. The transaction itself will be completely transparent to customers who will experience no changes in rates, terms or conditions of service; however, by providing STI with access to the management and additional financial resources of SCRS and Platinum Equity, STI may be enabled to better meet the needs of its customers. For the reasons advanced by the Joint Applicants, we conclude that the record provides substantial evidence of affirmative public benefits sufficient to warrant approval of the transaction under *City of York v. Pa. PUC,* 295 A.2d 825 (Pa. 1972) and *Irwin A. Popowsky v. Pa. PUC*, 937 A.2d 1040 (Pa. 2007).

[2] *See generally* Securus Technologies, Inc., *et al.*, *ex parte* submission to the FCC, WC Docket No. 17-126, July 21, 2017.

The Commission finds that the general rule transaction is necessary for the service, accommodation, convenience, or safety of the public in some substantial way, and the Commission will issue a certificate of public convenience authorizing this transaction as required by 66 Pa. C.S. §§ 1102(a) and 1103 and the Commission's regulations at 52 Pa. Code § 63.324(k)(2).

Finally, based upon the information provided in the joint application, the Commission finds that the general rule transaction may enhance the Joint Applicants' ability to compete in Pennsylvania without harm to consumers or Pennsylvania markets as required under 66 Pa. C.S. §§ 1102(a) and 1103, as well as the Commission's regulations at 52 Pa. Code § 63.324(k)(3).

Compliance checks on STI, the only jurisdictional Joint Applicant, found that the company is current on the filing of its annual financial reports and self-certification for security planning and readiness reports. STI does not owe payments to any universal service funds and does not have any outstanding fines or assessments.

In summary, we find that the joint application should be approved as a General Rule Transaction under Section 63.324 of the Commission's regulations as requested, and that a certificate of public convenience be issued to Securus Technologies, Inc. evidencing our approval of the general rule indirect transfer of control.

Therefore, the Commission directs the Joint Applicants to file notice with this Commission within 30 days of the completion of the indirect transfer of control. If the Joint Applicants determine that the proposed transaction will not take place, they shall promptly so notify this Commission.

BY THE COMMISSION,

Rosemary Chiavetta

Rosemary Chiavetta
Secretary

cc: All Parties of Record

West Virginia
(Financing and Transfer of Control)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 7th day of July 2017.

CASE NO. 17-0620-T-PC

SECURUS TECHNOLOGIES, INC.,
a telecommunications provider, Dallas, Texas.

Petition for consent and approval to transfer indirect control of Securus Technologies, Inc. to SCRS Acquisition Corporation; and for Securus Technologies, Inc. to participate in certain financing arrangements.

COMMISSION ORDER

The Commission grants its prior consent to enter into the transfer as requested.

BACKGROUND

On May 16, 2017, Securus Technologies, Inc. (Securus Technologies) filed a Petition for consent and approval to transfer indirect control (Transaction) of Securus Technologies to SCRS Acquisition Corporation (SCRS Acquisition) and to participate in certain financial arrangements.

Securus Technologies is a wholly-owned, indirect subsidiary of Connect Acquisition Corp. (Connect) which is a wholly-owned, direct subsidiary of Securus Investment Holdings, LLC (Securus Investment).[1] Securus Technologies provides telecommunications services to a number of confinement and correctional facilities in the District of Columbia and approximately forty-six states, including West Virginia.

SCRS Acquisition is a newly-formed Delaware corporation established for the purposes of the proposed transaction. SCRS Acquisition is ultimately wholly owned by SCRS Holding Corporation (SCRS Parent). SCRS Parent is a holding company in which certain private equity investment vehicles sponsored by Platinum Equity, LLC (Platinum Equity) will contribute their equity investments in connection with the proposed

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[1] Securus Investment is a holding company with no operations of its own. The Controlling interest in Securus Investment are currently held by ABRY Partners VII, L.P., an affiliate of ARBY Partners, a Boston-based private equity investment firm focused solely on media, communications, business, and information services investments.

transaction. Platinum Equity Capital Partners IV, L.P. (PECP IV) will be the majority owner of SCRS Parent.

SCRS Acquisition will acquire all the stock of Connect from Securus Investment and Connect will become a wholly-owned, indirect subsidiary of SCRS Acquisition. Securus Technologies will become a wholly-owned, indirect subsidiary of SCRS Acquisition. PECP IV will be the ultimate majority owner of Securus Investment.

Petitioner states that Securus Investment may participate in, concurrently with or following completion of the Transaction, existing, new, amended, or restated financing arrangements up to an aggregate principal amount of $2.6 billion. In order 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 subsidiaries and costs and fees) and to respond to future acquisition and other business opportunities, authority is sought for Securus Technologies, to the extent required, to participate in financing arrangements, as described within the petition, up to $2.6 billion.

Petitioner also states that the Transaction is in the public interest. Securus Technologies will continue to be managed and operated by the same officers and personnel, but will be supplemented by the management of Securus Acquisition and Platinum Equity. Securus Technologies will have access to additional financial resources through its relationship with Securus Acquisition and Platinum Equity, enabling Securus Technologies to better meet the needs of its customers and compete better in the telecommunications marketplace.

The Transaction will have no adverse impact on the customers of Securus Technologies. Immediately following the Transaction, Securus Technologies will continue to provide high-quality service at the same rates and on the same terms and conditions that are currently in effect. The Transaction will not result in any interruption of service and will be seamless and transparent to customers. The only change immediately following closing of the Transaction from a customer's perspective will be that Securus Technologies ownership will change, with Securus Acquisition being its indirect owners.

On June 12, 2017, Commission Staff filed its Initial and Final Joint Staff Memorandum. Staff indicated the proposed transaction will not adversely affect the public in West Virginia. Staff recommended the Commission approve the Petition.

DISCUSSION

W.Va. Code §24-2-12 requires public utilities to obtain consent from the Commission before entering into certain transactions, including a transfer of control.

Under the statute, the Commission is authorized to grant its consent to a utility to enter into a proposed transaction, without approving the terms and conditions, if no party is given an undue advantage and the transaction is reasonable and does not adversely affect the public. The Commission may also determine if a hearing is necessary. Here, the Petitioners have shown that the proposed transfer of indirect control of Securus Technologies to SCRS Acquisition meets the statutory test. Subject to the conditions set forth in this Order, the Commission will therefore consent to the transfer of indirect control of Securus Technologies to SCRS Acquisition as requested without requiring a hearing.

Commission consent pursuant to W.Va. Code §24-2-12 is limited to the arrangements described in the Petition. This grant of consent does not affect Commission authority to review the operations of Securus Technologies and SCRS Acquisition and the Commission emphasizes that nothing in this approval should be deemed to affect its jurisdiction. If any change in the ownership of the Securus Technologies or SCRS Acquisition, their subsidiaries or any underlying West Virginia assets is necessary as a result of a pledge of the Petition, any security instrument or any other protections assumed incident to the financing arrangements, the Commission retains jurisdiction to examine any such conveyance prior to any change of ownership of Securus Technologies or SCRS Acquisition or disposition of the assets of either of them, except to the extent those transactions are exempt pursuant to W.Va. Code §24-2-1(f). The Commission expects additional filings to be promptly made regarding a proposed change in the operations, ownership or disposition of those assets.

According to the Petition, the financing arrangements occur concurrently with or after the transfer of indirect control is complete. W.Va. Code §24-2-1(f), effective July 3, 2017, limits the Commission's jurisdiction in relation to proposed transactions that are subject to Commission jurisdiction under W.Va. Code §24-2-12 when all of the telephone companies involved in the proposed transaction are under common ownership:

> (f) Notwithstanding any other provisions of this article, the commission shall not have jurisdiction to review or approve any transaction involving a telephone company otherwise subject to sections twelve and twelve-a [§ 24-2-12 and § 24-2-12a], article two, chapter twenty-four of this code if all entities involved in the transaction are under common ownership.

The Petition is unclear on whether any financial transactions will occur. To the extent that financial transactions occur after the transfer of indirect control of Securus Technologies, then the Commission does not have jurisdiction over those financial transactions pursuant to W.Va. Code §24-2-1(f). Subsequent to the transfer of indirect control, the entities involved in the proposed financing arrangements are under common ownership. Accordingly the Commission does not have jurisdiction to address proposed financing arrangement and will dismiss the remainder of this proceeding pursuant to W.Va. Code §24-2-1(f).

FINDINGS OF FACT

1. The Petitioner requested the prior consent and approval of the Commission to the transfer of indirect control of Securus Technologies to SRCS Acquisition and certain financing arrangements. Petition, May 16, 2017.

2. Staff recommended that the Commission grant its prior consent for transfer of indirect control as requested, without approving the terms and conditions. Initial and Final Joint Staff Memorandum, June 12, 2017.

3. Subsequent to consummation of the transfer of control, the proposed financing arrangements will occur under common ownership.

CONCLUSIONS OF LAW

1. It is reasonable to consent to and approve the Petitioner entering into the proposed transfer of indirect control of Securus Technologies to SCRS Acquisition, as set forth in the Petition, because no party is given an undue advantage and the terms of the arrangements are reasonable and do not adversely affect the public. W.Va. Code §24-2-12.

2. The Commission retains jurisdiction to examine any proposed change in the ownership of Securus Technologies, SCRS Acquisition, their subsidiaries or underlying West Virginia assets except to the extent those transactions are exempt pursuant to W.Va. Code §24-2-1(f). Additional filings with the Commission shall be made in sufficient time for the Commission to review any proposed transfers prior to any change in the operations of Securus Technologies, SCRS Acquisition, their ownership or the disposition of their West Virginia assets.

3. Subsequent to the transfer of indirect control the entities involved in the proposed financing arrangements are under common ownership. Accordingly, the Commission does not have jurisdiction to address the proposed financing arrangements and will dismiss the remainder of this proceeding pursuant to W.Va. Code §24-2-1(f).

ORDER

IT IS THEREFORE ORDERED that, without approving the underlying terms and conditions of the transfer and financing arrangements, the Commission grants its prior consent to the Petitioner entering into agreements for the transfer of control of Securus

Technologies, Inc. to SCRS Acquisition Corporation, as more fully described in the May 16, 2017 Petition.

IT IS FURTHER ORDERED that prior Commission consent and approval is required before any utility assets may be transferred or any direct or indirect change of ownership of a majority of the common stock of any public utility organized and doing business in this State may be consummated, except as to the extent those transactions are exempt pursuant to W.Va. Code §24-2-1(f).

IT IS FURTHER ORDERED that if any change in the ownership of SCRS Acquisition Corporation, their subsidiaries or any underlying West Virginia assets is necessary as a result of any security instruments or other protections assumed incident to the proposed financing arrangements, prior Commission consent and approval must first be obtained before any such change may be consummated, except as the extent those transactions are exempt pursuant to W.Va. Code §24-2-1(f).

IT IS FURTHER ORDERED that upon entry of this Order this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, and by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Commission Staff by hand delivery.

A True Copy, Teste,

Ingrid Ferrell

Ingrid Ferrell
Executive Secretary

SMS/sm
170620c.doc

Attachment 7
Stock Purchase Agreement

EXECUTION COPY

STOCK PURCHASE AGREEMENT

BY AND AMONG

SECURUS INVESTMENT HOLDINGS, LLC,

CONNECT ACQUISITION CORP.,

AND

SCRS ACQUISITION CORPORATION

DATED AS OF April 29, 2017

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SCHEDULES

<u>EXHIBITS</u>

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of April 29, 2017, is made by and among Securus Investment Holdings, LLC, a Delaware limited liability company ("Seller"), Connect Acquisition Corp., a Delaware corporation (the "Company"), and SCRS Acquisition Corporation, a Delaware corporation ("Buyer"). The Company, Seller and Buyer shall be referred to herein from time to time collectively as the "Parties". Capitalized terms used but not otherwise defined herein have the meanings set forth in Section 1.1.

WHEREAS, Seller is the sole stockholder of the Company and owns beneficially and of record all of the issued and outstanding shares of capital stock of the Company (collectively referred to herein as the "Shares");

WHEREAS, the Parties desire that, subject to the terms and conditions hereof, Buyer will purchase from Seller, and Seller will sell to Buyer, all of the Shares;

WHEREAS, concurrently with the execution of this Agreement, Buyer has delivered to the Company the guarantee (the "Guarantee") of Platinum Equity Capital Partners IV, L.P., a Delaware limited partnership (in such capacity, the "Guarantor"), and pursuant to which the Guarantor has guaranteed certain of Buyer's obligations under this Agreement, on the terms and subject to the conditions set forth in the Guarantee; and

WHEREAS, concurrently with the execution of this Agreement, ABRY Partners VII, L.P. and certain of its Affiliates have entered into a letter agreement with Seller and Buyer providing for certain covenants in favor of Buyer which will become effective upon the Closing.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
CERTAIN DEFINITIONS

Section 1.1 **Definitions**. As used in this Agreement, the following terms have the respective meanings set forth below.

"Accounting Firm" has the meaning set forth in Section 2.4(b)(ii).

"Acquisition Transaction" has the meaning set forth in Section 6.7.

"Action" means any claim (including any cross-claim or counterclaim), action, suit, cause of action, charge, demand, litigation, order, proceeding (including any civil, commercial, criminal, administrative, investigative, informal or appellate proceeding), arbitral action, complaint, hearing, dispute resolution process, governmental audit, inquiry, examination, criminal prosecution or investigation.

"Adjustment Time" means 12:01 a.m. in all relevant jurisdictions on the Closing Date.

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative thereto.

"Agreement" has the meaning set forth in the introductory paragraph to this Agreement.

"Alternative Debt Financing" has the meaning set forth in Section 6.10(c).

"Alternative Debt Financing Commitments" has the meaning set forth in Section 6.10(c).

"Ancillary Documents" has the meaning set forth in Section 3.3.

"Benefit Plans" means, collectively, all "employee benefit plans" (as such term is defined in Section 3(3) of ERISA) and all bonus, incentive, deferred compensation, profit sharing, supplemental retirement, pension, retiree medical, severance, vacation time, equity-based (e.g., equity purchase options, equity purchase, equity appreciation right, restricted equity, phantom equity) or other employee benefit plans, programs and arrangements that the Group Companies maintain, sponsor or contribute to for the benefit of Employees or with respect to which any Group Company has any material liability, other than any plan to which contributions are mandated by a Governmental Entity, and "Benefit Plan" means any of the Benefit Plans.

"Business Day" means a day, other than a Saturday or Sunday, on which commercial banks in New York, New York and Boston, Massachusetts are open for the general transaction of business.

"Buyer" has the meaning set forth in the introductory paragraph to this Agreement.

"Buyer Related Party" has the meaning set forth in Section 8.2(b).

"Cash and Cash Equivalents" means, with respect to any Person as of any time, the aggregate amount of such Person's cash and cash equivalents, including marketable securities, bank deposits, short term investments and Restricted Cash, as of such time, including the amounts of any received but uncleared checks and drafts and wires issued prior to such time, net of outstanding but uncleared checks or transfers as of such time, all such amounts to be determined in accordance with GAAP.

"Closing" has the meaning set forth in Section 2.2.

"Closing Cash" means the aggregate amount of the consolidated Cash and Cash Equivalents of the Group Companies as of the Adjustment Time; provided, however, that for the purposes of determining Closing Cash, Restricted Cash shall not be greater than $8,236,000.

"Closing Date" has the meaning set forth in Section 2.2.

"Closing Indebtedness" means the aggregate amount of Indebtedness of the Group Companies as of immediately prior to the Closing.

"Closing Statement" has the meaning set forth in Section 2.4(b)(i).

"Closing Working Capital" means the Net Working Capital of the Group Companies as of the Adjustment Time, determined in accordance with Section 2.4(e).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" has the meaning set forth in the introductory paragraph to this Agreement.

"Confidentiality Agreement" means that certain Confidentiality Agreement, dated as of November 22, 2016, by and between Securus Technologies and Platinum Equity Advisors, LLC.

"Credit Facilities" means, collectively, (i) that certain First Lien Credit Agreement, dated as of April 30, 2013, by and among Connect Merger Sub, Inc. as the Borrower (as defined therein), the guarantors party thereto from time to time, Deutsche Bank Trust Company Americas, as Administrative Agent, and the other lenders party thereto from time to time, as amended, restated, modified or supplemented and (ii) that certain Second Lien Credit Agreement, dated as of April 30, 2013, by and among Connect Merger Sub, Inc. as the Borrower (as defined therein), the guarantors party thereto from time to time, Deutsche Bank Trust Company Americas, as Administrative Agent, and the other lenders party thereto from time to time, as amended, restated, modified or supplemented, as amended, restated, modified or supplemented.

"Debt Financing" has the meaning set forth in Section 5.5(a).

"Debt Financing Commitments" has the meaning set forth in Section 5.5(a).

"Debt Financing Sources" means the lenders, lead arrangers, bookrunners, syndication agents or similar entities party to the Debt Financing Commitments, including any such Persons that have not executed the Debt Financing Commitments as of the date hereof but become a party thereto after the date hereof in accordance with the terms thereof.

"Debt Financing Source Related Persons" means, with respect to each Debt Financing Source, its current or future Affiliates, officers, directors, managers, employees, equityholders, members, partners, agents and representatives.

"Employees" means, collectively, all of the current, former and retired employees of the Group Companies, and "Employee" means any of the Employees.

"Enterprise Value" means [redacted].

"Environmental Laws" means all federal, state and local statutes, regulations, and ordinances concerning pollution or protection of the environment, as such of the foregoing are promulgated and in effect on or prior to the Closing Date.

"Equity Commitment Letter" has the meaning set forth in Section 5.5(a).

"Equity Financing" has the meaning set forth in Section 5.5(a).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Account" has the meaning set forth in Section 2.3(b)(i)(A).

"Escrow Agent" has the meaning set forth in Section 2.3(b)(i)(A).

"Escrow Agreement" has the meaning set forth in Section 2.3(b)(i)(A).

"Escrow Amount" means an amount in cash equal to $15,000,000.

"Escrow Funds" has the meaning set forth in Section 2.3(b)(i)(A).

"Estimated Closing Statement" has the meaning set forth in Section 2.4(a).

"Estimated Purchase Price" has the meaning set forth in Section 2.4(a).

"False Claims Act" has the meaning set forth in Section 3.21(b).

"FAR" has the meaning set forth in Section 3.21(a).

"Final Purchase Price" has the meaning set forth in Section 2.4(d)(i).

"Financial Statements" has the meaning set forth in Section 3.4(a).

"Financing" has the meaning set forth in Section 5.5(a).

"Financing Commitments" has the meaning set forth in Section 5.5(a).

"GAAP" means United States generally accepted accounting principles, as consistently applied by the Group Companies.

"Governing Documents" means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs. For example, the "Governing Documents" of a corporation are its certificate of incorporation and by-laws, the "Governing Documents" of a limited partnership are its limited partnership agreement and certificate of limited partnership and the "Governing Documents" of a limited liability company are its operating agreement and certificate of formation.

"Government Contract" means any contract (i) between any Group Company and any Governmental Entity, including any agency of the United States or any agency of any of its respective states or local governments, and all service orders, purchase orders, delivery orders or task orders under such Government Contracts, each of which is a separate Government Contract, or (ii) entered into by any Group Company as a subcontractor at any tier in connection with a contract between another Person and a Governmental Entity.

"Government Contract Bid" means a bid, offer, or proposal that, if accepted or awarded, would result in a Government Contract.

"Governmental Entity" means any United States or non-United States (i) federal, national, state, provincial, local, municipal or other government, (ii) governmental or quasi-governmental entity of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal) or (iii) body exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature, including any public arbitral tribunal.

"Group Companies" means, collectively, the Company and each of its Subsidiaries, and "Group Company" means any of the Group Companies.

"Group Company Intellectual Property" means any Intellectual Property that is used, or is held for use in the business of the Group Companies as currently conducted or as currently proposed to be conducted. For the avoidance of doubt, Group Company Intellectual Property shall include both Intellectual Property that is owned by a Group Company and Intellectual Property that is licensed to a Group Company.

"Group Company IP Agreements" means (i) licenses of Intellectual Property by any Group Company to any third party or any other instruments or other arrangements to which any Group Company is a party, pursuant to which any third party has obtained any right, title or interest in any Intellectual Property, (ii) licenses of Intellectual Property by any third party to any Group Company, or any other agreements pursuant to which any Group Company has obtained any right, title or interest in Intellectual Property, (iii) agreements between any Group Company and any third party relating to the use, development, prosecution, enforcement or commercialization of Intellectual Property, and (iv) consents, settlements, orders, injunctions, judgments or rulings governing the use, validity or enforceability of any Owned Intellectual Property, in the case of clauses (i) through (iv), as applicable, other than other than agreements with customers in the ordinary course of business and other than commercially-available Software that requires payment of an annual license or royalty of $150,000 or more.

"Group Company IT Assets" has the meaning set forth in Section 3.13(i).

"Group Company Permits" has the meaning set forth in Section 3.6.

"Group Company Registered Intellectual Property" means all of the Registered Intellectual Property owned by, or filed in the name of, any Group Company.

"Guarantee" has the meaning set forth in the recitals to this Agreement.

"Guarantor" has the meaning set forth in the recitals to this Agreement.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means, as of any time, without duplication, the outstanding principal amount of, accrued and unpaid interest on and fees, expenses and other payment obligations (including any prepayment penalties, premiums, costs, breakage or other amounts that become payable upon the discharge thereof at the Closing if, in fact, discharged in connection with the Closing) arising under, any obligations of any Group Company for (i) indebtedness for borrowed money (including amounts due and owing under the Credit Facilities), (ii) other obligations evidenced by any note, bond, debenture or other debt security, (iii) obligations with respect to leases required to be accounted for as capital leases under GAAP, (iv) obligations for the deferred purchase price of property or assets, including "earn-outs" (excluding the JPay Earnout) and "seller notes" (but excluding any trade payables or accrued expenses arising in the ordinary course of business), (v) all reimbursement and other obligations with respect to letters of credit, bank guarantees, bankers' acceptances or other similar instruments, in each case, solely to the extent drawn, (vi) all obligations, including any breakage costs or fees, with respect to any interest rate, currency swap, cap, forward, or other similar arrangements designed to provide protection against fluctuations in any price or rate based on the amount that would be required to be paid by the Group Companies if any such instrument or arrangement were terminated as of the Closing (but without regard to whether it is actually terminated), (vii) long term incentive compensation, deferred compensation, retirement benefits or other post-employment benefits to the extent not funded by an asset of the Group Companies (other than Cash and Cash Equivalents), (viii) the net present value of future cash obligations arising under the Kellway Lease and the Princeton Lease (calculated net of sublease revenue to the extent such properties are subleased) and (ix) guarantees by any Group Company (to the extent of the amount of such guarantees) of any indebtedness of a third party of the type described in the foregoing clauses (i) through (viii). Notwithstanding the foregoing, to avoid double counting, "Indebtedness" shall not include any (a) obligations under operating or existing (as of the date hereof) real property leases (other than as set forth in the foregoing clause (viii)), (b) amounts included as Seller Expenses or (c) amounts otherwise taken into account in the calculation of Closing Working Capital.

"Intellectual Property" means any (i) patents and patent applications, utility models and applications for utility models, inventor's certificates and applications for inventor's certificates, and invention disclosure statements, (ii) registered and unregistered trademarks, service marks, logos and design marks, trade dress, trade names, fictitious and other business names and brand names pending trademark and service mark registration applications, and intent-to-use registrations or similar pending reservations of marks, (iii) original works of authorship, Software, or other registered and unregistered copyrights and applications for registration of copyright, moral rights and waivers and consents not to enforce such moral rights, (iv) internet domain names, URLs, and social media identifiers, (v) trade secrets, know-how and other proprietary rights with respect to information and (vi) and any and all proprietary rights (created or arising under the Laws of any jurisdiction anywhere in the world, whether statutory, common law, or otherwise) now existing and related to the foregoing, including but not limited to rights to limit the use or disclosure thereof by any person and (or any other equivalent or similar type of proprietary intellectual property right arising from or related to intellectual property, the right to bring suit, pursue past, current and future violations, infringements, or misappropriations, and collections).

"IT Assets" means Software, servers, computers, hardware, firmware, middleware, networks, routers, hubs, switches and all other information technology equipment, and all associated documentation.

"JPay Determination Notice" has the meaning set forth in Section 6.13.

"JPay Earnout" means the 2017 Earnout Amount (as defined in the JPay SPA) together with any other amounts required to be paid to the recipients thereof that are, in each case, due and payable by Securus J Holdings pursuant to the JPay SPA, in accordance with the terms and conditions set forth therein.

"JPay Overage Amount" has the meaning set forth in Section 6.13.

"JPay SPA" means that certain Stock Purchase Agreement, dated as of April 2, 2015, by and among JPay, Inc., Correctional Investor Holdings, Inc., JPAY Merger Sub, Inc., Ryan Shapiro (in his capacity as representative of the Sellers and Stockholders (each as defined in the JPay SPA)) and Securus J Holdings, as amended by that certain Amendment to Stock Purchase Agreement, dated as of March 30, 2016, and as in effect from time to time.

"JPay Threshold" means an amount equal to $20,000,000 minus any Overage Amount.

"Kellway Lease" means the Commercial Lease, dated June 28, 2007 between LSREF3 Arizona REO, LLC (as successor to 3000 Kellway Drive Holdings Limited Partnership, as successor to Today Metroplex Tech, L.P.) and Securus Technologies, Inc., as amended by the First Amendment to Lease Agreement, dated February 11, 2009, the Second Amendment to Commercial Lease, dated December 22, 2009 and the Third Amendment to Commercial Lease, dated January 1, 2012.

"Latest Balance Sheet" has the meaning set forth in Section 3.4(a)(iii).

"Law" means any applicable statute, law (including common law), code, treaty, ordinance, order, rule, decree, writ, injunction, requirement of law or regulation of any Governmental Entity, including but not limited to (i) any Laws relating to debt collection, including the Fair Debt Collection Practices Act, (ii) any Laws related to money transfers, remittances, payments and licensing, including any State Licensing Laws, (iii) the operating rules and regulations of the National Automated Clearing House Association, (iv) the rules and regulations of the Board of Governors of the Federal Reserve System, (v) any Laws relating to unfair and deceptive trade practices, (vi) any Money Laundering Laws, (vii) any Environmental Laws, (viii) any Unclaimed Property Laws and (ix) any Telecommunications Laws.

"Leased Real Property" has the meaning set forth in Section 3.18(a).

"Licensed Intellectual Property" means Intellectual Property licensed to any Group Company pursuant to the Group Company IP Agreements.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge. For the avoidance of doubt, the term "Lien" shall not be deemed to include any license with respect to any Intellectual Property.

"Material Adverse Effect" means any event, change, occurrence or circumstance that, individually or in the aggregate with all other events, changes, occurrences and circumstances, has had or would reasonably be expected to have a material adverse effect upon the assets, financial condition, business, operations or results of operations of the Group Companies, taken as a whole; provided, however, that any adverse change, event, effect or occurrence arising from or related to (i) conditions affecting the economy generally or the industries or markets in which the Group Companies operate, (ii) any national or international political or social conditions, including the engagement by the United States or another government in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence in any place of any military or terrorist attack or event, (iii) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (iv) changes or prospective changes in GAAP or any laws, rules, regulations, orders, or other binding directives issued by any Governmental Entity (or the interpretation or enforcement thereof), (v) the public announcement of the transactions contemplated by this Agreement, including the impact thereof on the relationships, contractual or otherwise, of the Group Companies with officers, employees, customers, suppliers or partners, (vi) any failure by the Company to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period ending before, on or after the date of this Agreement, or changes in the credit rating of the Group Companies (although any facts and circumstances that may have given rise or contributed to any such failure that are not otherwise excluded from the definition of Material Adverse Effect may be taken into account in determining whether there has been a Material Adverse Effect), (vii) the taking of any action contemplated by this Agreement and/or the Ancillary Documents, including the completion of the transactions contemplated hereby and thereby, (viii) any hurricane, tornado, flood, earthquake, tsunami, natural disaster, acts of God or other comparable events, (ix) any action taken at the written request or with the written consent of Buyer or any of its Affiliates and not otherwise required to be taken by this Agreement and/or the Ancillary Documents, (x) any failure to take any action, if such action is prohibited by this Agreement and/or the Ancillary Documents, to the extent Buyer fails to give its consent to such action after its receipt of a written request therefor, or (xi) the identity of, or any facts or circumstances relating to, Buyer or its Affiliates shall not be taken into account in determining whether a "Material Adverse Effect" has occurred; provided, that, with respect to a matter described in any of the foregoing clauses (i), (ii), (iii), (iv) and (viii), such matter shall only be excluded to the extent such matter does not have a disproportionate effect on the Group Companies, taken as a whole, relative to other comparable entities operating in the industries in which the Group Companies operate.

"Material Contracts" has the meaning set forth in Section 3.7(a).

"Material Customers" has the meaning set forth in Section 3.20(a).

"Material Real Property Lease" has the meaning set forth in Section 3.18(a).

"Material Vendors" has the meaning set forth in Section 3.20(a).

"Money Laundering Laws" means all Laws that may be enforced by any Governmental Entity relating to anti-money laundering statutes, laws, regulations and rules, including the following in the United States (together with their implementing regulations, in each case, as amended from time to time): the Bank Secrecy Act (31 U.S.C. §5311 et seq.; 12 U.S.C. §§1818(s) 1829(b), 1951-1959), as amended by The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 and 18 U.S.C. §§ 1956, 1957 and 1960.

"Money Transmitter Filing States" means, collectively, the states identified on Schedule 6.3 under the heading "Formal Applications and Approvals".

"Money Transmitter Notice States" means, collectively, the states identified on Schedule 6.3 under the heading "Notice States".

"Money Transmitter Obligation" has the meaning set forth in Section 6.3(a).

"Multiemployer Plan" has the meaning set forth in Section 3(37) of ERISA.

"Net Working Capital" means, as of any time, the aggregate amount of the consolidated current assets of the Group Companies as of such time solely to the extent of the line items and adjustments set forth in the example calculation of Net Working Capital attached hereto as Exhibit A, minus the aggregate amount of the consolidated current liabilities of the Group Companies as of such time solely to the extent of the line items and adjustments set forth in Exhibit A, in each case determined on a consolidated basis in accordance with Section 2.4(e). Notwithstanding anything to the contrary contained herein, to avoid double counting, "Net Working Capital" shall not include any amounts with respect to Tax assets, deferred Tax liabilities, Cash and Cash Equivalents, Seller Expenses, the JPay Earnout or Indebtedness.

"New Plans" has the meaning set forth in Section 6.5.

"Objection" has the meaning set forth in Section 2.4(b)(ii).

"Objection Notice" has the meaning set forth in Section 2.4(b)(ii).

"Outside Date" has the meaning set forth in Section 8.1(d).

"Overage Amount" has the meaning set forth in Section 2.4(d)(ii).

"Owned Intellectual Property" has the meaning set forth in Section 3.13(c).

"Parties" has the meaning set forth in the introductory paragraph to this Agreement.

"Pay-off Letters" has the meaning set forth in Section 7.2(g).

"Permits" means any permits, licenses, franchises, approvals, certificates, registrations, waivers, authorizations and consents required to be obtained from any Governmental Entity.

"Permitted Liens" means (i) mechanic's, materialmen's, carriers', repairers' and other Liens arising or incurred in the ordinary course of business for amounts that are not yet delinquent or are being contested in good faith, (ii) Liens for Taxes, assessments or other governmental charges not yet due and payable as of the Closing Date or which are being contested in good faith, (iii) encumbrances and restrictions on real property (including easements, covenants, conditions, rights of way and similar restrictions) that do not materially interfere with the Group Companies' present uses or occupancy of such real property, (iv) Liens securing the obligations of the Group Companies under the Credit Facilities which will be released or authorized to be released at the Closing pursuant to the Pay-off Letters, (v) Liens granted to any lender at the Closing in connection with any financing by Buyer of the transactions contemplated hereby, (vi) zoning, building codes and other land use laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such real property and which are not violated by the current use or occupancy of such real property by the Group Companies or the operation of the businesses of the Group Companies (vii) Liens described on Schedule 1.1(a), (viii) Liens (A) incurred or deposits made in the ordinary course of business to secure the performance of bids, tenders, statutory obligations, fee and expense arrangements with trustees and fiscal agents (exclusive of obligations incurred in connection with the borrowing of money or the payment of the deferred purchase price of property) and (B) securing surety, indemnity, performance, appeal and release bonds, and (ix) any right, interest, Lien or title of a licensor, sublicensor, licensee, sublicensee, lessor or sublessor under any license or lease agreement or in the property being leased or licensed.

"Person" means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture, association or other similar entity, whether or not a legal entity.

"Princeton Lease" means the Lease Agreement, dated November 8, 2004, between Princeton Partners, L.L.C. (successor to the Prudential Insurance Company of America) and Securus Technologies Holdings, Inc. (successor to T-NETIX, Inc.), as amended by the First Amendment to Lease, dated November 29, 2004, the Lease Assignment and Second Amendment, dated October 4, 2010 and the Third Amendment to Lease, dated October 14, 2013.

"Principals" has the meaning set forth in FAR 2.101 and 52.209-5).

"Purchase Price" means the amount equal to (i) Enterprise Value, plus (ii) the amount of Closing Cash, plus (iii) the amount (if any) by which Closing Working Capital exceeds Target Working Capital (so long as such excess is greater than $500,000), minus (iv) the amount (if any) by which Target Working Capital exceeds Closing Working Capital (so long as such excess is greater than $500,000), minus (v) the amount of Closing Indebtedness, and minus (vi) the amount of Seller Expenses.

"Registered Intellectual Property" means all United States, international and foreign (i) registered patents and patent applications (including provisional applications and design patents and applications) and all reissues, divisions, divisionals, renewals, extensions, counterparts, continuations and continuations-in-part thereof, and all patents, applications, documents and filings claiming priority thereto or serving as a basis for priority thereof, (ii) registered trademarks, service marks, applications to register trademarks, applications to register service marks, intent-to-use applications, or other registrations or applications related to trademarks, (iii) registered copyrights and applications for copyright registration, (iv) domain name registrations, and (v) any other Intellectual Property that is the subject of an application, certificate, filing or registration issued, filed with, or recorded by any Governmental Entity.

"Restricted Cash" means any cash or cash equivalent that (i) is restricted by contract as to withdrawal or usage, (ii) held as collateral to support any contractual obligation (such as cash held as collateral for any letter of credit, performance bond or other similar instrument), (iii) any security deposit held under any lease, (iv) would be treated as "restricted cash" under GAAP or (v) would be treated as "Restricted Cash" using the principles used to determine Restricted Cash in the preparation of the Financial Statements.

"Second Request" has the meaning set forth in Section 6.3(d).

"Section 280G Payments" has the meaning set forth in Section 6.12.

"Securus J Holdings" means Securus J Holdings, Inc., a Delaware corporation and one of the Group Companies.

"Securus Technologies" means Securus Technologies Holdings, Inc., a Delaware corporation.

"Seller" has the meaning set forth in the introductory paragraph to this Agreement.

"Seller Expenses" means, without duplication, the unpaid amount of all out-of-pocket fees, costs and expenses (including those related to travel, legal, accounting and investment banking) incurred by or on behalf of Seller or any Group Company on or prior to the Closing (whether or not invoiced) as a result of the transactions contemplated by this Agreement, in each case solely to the extent required to be paid or reimbursed by any of the Group Companies, including (i) the fees and expenses of Deutsche Bank Securities Inc., BNP Paribas Securities Corp., Kirkland & Ellis LLP, McDermott Will & Emery, Squire Patton Boggs LLP and Schulte Roth & Zabel LLP, (ii) other investment banking, legal, accounting, tax, professional, advisory or consulting fees and expenses, and (iii) any success, retention or change of control bonuses payable to employees of the Group Companies as a result of the Closing (including the employer's share of any payroll Taxes attributable to such amounts); provided, however, Seller Expenses shall be calculated without duplication of any amounts to the extent taken into account in the calculation of Closing Indebtedness or Closing Working Capital. Notwithstanding anything to the contrary contained herein, in no event shall "Seller Expenses" include any amounts with respect to (A) the "tail" policy pursuant to and in accordance with Section 6.6(b), (B) HSR Act filing fees and (C) transfer Taxes, recording fees and other similar Taxes.

"Shares" has the meaning set forth in the recitals to this Agreement.

"Software" means any and all (i) computer programs and other software, including firmware and microcode, and including any and all software implementations of algorithms, models and methodologies, whether in source code, object code or other form, including libraries, subroutines and other components thereof, (ii) software, data, databases and collections and compilations of data, whether machine readable or otherwise, and (iii) all information and documentation, including user manuals and other training documentation, related to any of the foregoing.

"Sponsor" has the meaning set forth in Section 5.5(a).

"State Licensing Laws" means all Laws that may be enforced by any Governmental Entity of any State of the United States, relating to licensing or registration in connection with the sale or issuance of checks, drafts, money orders, travelers checks or other payment instruments, whether or not negotiable, and/or the transmission of funds by electronic or other means, and/or the sale or issuance of stored value cards or devices.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be a, or control any, managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Target Working Capital" means [redacted].

"Tax" means any federal, state, local or non-United States income, gross receipts, franchise, estimated, alternative minimum, sales, use, transfer, value added, excise, stamp, customs, duties, real property, personal property, capital stock, social security, unemployment or other tax and any interest, penalties or additions to tax in respect of any of the foregoing.

"Tax Return" has the meaning set forth in Section 3.16(a).

"Telecommunications Laws" means the Communications Act of 1934, as amended, the Communications Assistance to Law Enforcement Act, or any other Laws of the United States applicable to the provision of interstate or international telecommunications, telecommunications service, or Voice over Internet Protocol service as well as any state laws, regulations or similar requirements applicable to the provision of intrastate telecommunications, telecommunications service, or Voice over Internet Protocol service.

"Termination Fee" has the meaning set forth in Section 8.2(b).

"Transaction Tax Benefit Amount" means an amount equal to $5,000,000 minus any JPay Overage Amount.

"Unclaimed Property Laws" means any Laws of the United States relating to unclaimed property, abandoned property and escheat, including travelers checks, wire transfers, stored value cards, money orders and other payment instructions, whether or not negotiable.

"U.S. Benefit Plans" means, collectively, all Benefit Plans maintained for Employees located in the United States and "U.S. Benefit Plan" means any of the U.S. Benefit Plans.

ARTICLE 2
PURCHASE AND SALE

Section 2.1 Purchase and Sale of the Shares. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Buyer will purchase from Seller, and Seller will sell to Buyer, the Shares in exchange for the Purchase Price. The Purchase Price will be estimated prior to the Closing Date and subject to post-Closing adjustments as provided in Section 2.4.

Section 2.2 Closing of the Transactions Contemplated by this Agreement. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place on the fifth (5^{th}) Business Day after satisfaction (or waiver) of the conditions set forth in Article 7 (other than those conditions to be satisfied by the delivery of documents or taking of any other action at the Closing by any Party) (the "Closing Date") by the electronic exchange of documents among the parties, unless another time or manner of closing is agreed to in writing by Buyer and Seller; provided, however, that the Closing shall not occur earlier than sixty (60) days after the date hereof.

Section 2.3 Deliveries at the Closing.

(a) Deliveries by Seller. At the Closing, Seller shall deliver to Buyer certificate(s) representing the Shares, duly endorsed in blank or accompanied by stock powers or any other proper instrument of assignment endorsed in blank in proper form for transfer.

(b) Deliveries by Buyer. At the Closing (or at such later time as specified below), Buyer shall make the following payments:

(i) Buyer shall pay the Estimated Purchase Price to Seller by:

(A) depositing the Escrow Amount into an escrow account (the "Escrow Account") to be established and maintained by Citigroup, N.A. (the "Escrow Agent") pursuant to an escrow agreement, substantially in the form of Exhibit B attached hereto (the "Escrow Agreement"), to be entered into on the Closing Date by and among Seller, Buyer and the Escrow Agent. The funds held in the Escrow Account (the "Escrow Funds") shall serve as security for and the sole source of payment of Seller's obligations pursuant to Section 2.4(d)(ii), if any; and

(B) paying to Seller an amount equal to the Estimated Purchase Price minus the Escrow Amount minus the amount equal to the estimate of

Closing Cash set forth on the Estimated Closing Statement (as such estimate may be revised following the Closing as provided in the second sentence of Section 2.4(a)); and

(C) paying to Seller an amount equal to the estimate of Closing Cash set forth on the Estimated Closing Statement (as such estimate may be revised following the Closing as provided in the second sentence of Section 2.4(a)) no later than five (5) Business Days following the Closing Date;

(ii) Buyer shall pay or cause a Group Company to pay in full all Indebtedness outstanding under the Credit Facilities in accordance with the Pay-off Letters; and

(iii) Buyer shall pay or cause a Group Company to pay all Seller Expenses in accordance with payment instructions delivered by Seller to Buyer.

All payments made by Buyer pursuant to this Section 2.3(b) shall be made by wire transfer of immediately available funds to the accounts specified by Seller no later than five (5) Business Days prior to the Closing Date.

(c) Other Deliveries. At the Closing, the closing certificates and other documents required to be delivered pursuant to Article 7 with respect to the Closing will be exchanged.

Section 2.4 Purchase Price.

(a) Estimated Purchase Price. No later than five (5) Business Days prior to the Closing, Seller shall deliver to Buyer (for Buyer's reasonable review and comment, which comments Seller shall not be obligated to accept and the resolution thereof or completion of Buyer's review shall not be a condition to Closing) a statement (the "Estimated Closing Statement") setting forth its estimates of Closing Working Capital, Closing Cash (including a separate line item for estimated Closing Cash), Closing Indebtedness and Seller Expenses, together with a calculation of the Purchase Price based on such estimates (the "Estimated Purchase Price"). Buyer and Seller shall review the estimate of Closing Cash in the Estimated Closing Statement immediately following the Closing and shall make any necessary corrections to such estimate based on such review prior to the date that payment of the estimated amount of Closing Cash is required to be made as provided in Section 2.3(b)(i)(C). The Estimated Closing Statement and the determinations and calculations contained therein shall be prepared in accordance with this Agreement, including Section 2.4(e). If Buyer disagrees with any amount set forth in the Estimated Closing Statement, Seller and Buyer shall work together in good faith to resolve such disagreement no later than the close of business on the day preceding the anticipated Closing Date. If Buyer and Seller are unable to resolve any disagreement with respect to Closing Working Capital, for the purposes of determining the Estimated Purchase Price, estimated Closing Working Capital shall be the Target Working Capital if such amount is less than the estimate of Closing Working Capital reflected in the Estimated Closing Statement.

(b) Determination of Final Purchase Price.

(i) As soon as reasonably practicable, but no later than sixty (60) days after the Closing Date, Seller shall prepare and deliver to Buyer a statement (the "Closing Statement") setting forth Seller's good faith proposed determination of the actual amounts of Closing Working Capital, Closing Cash, Closing Indebtedness and Seller Expenses, together with a calculation of the Purchase Price based thereon. The Closing Statement and the determinations and calculations contained therein shall be prepared in accordance with this Agreement, including Section 2.4(e).

(ii) Within seventy five (75) days following receipt by Buyer of the Closing Statement, Buyer may deliver written notice (an "Objection Notice") to Seller of any dispute it has with respect to the preparation or content of the Closing Statement. Any amount contained in the Closing Statement and not specifically disputed in a timely delivered Objection Notice shall be final, conclusive and binding on the Parties. If Buyer does not timely deliver an Objection Notice with respect to the Closing Statement within such seventy five (75) day period, the Closing Statement will be final, conclusive and binding on the Parties. If an Objection Notice is timely delivered within such seventy five (75) day period, Buyer and Seller shall negotiate in good faith to resolve each dispute raised therein (each, an "Objection"). If Buyer and Seller, notwithstanding such good faith efforts, fail to resolve any Objections within fifteen (15) days after Buyer delivers an Objection Notice, then Buyer and Seller shall jointly engage the dispute resolution group of BDO USA, LLP (the "Accounting Firm") to resolve such disputes (acting as an expert and not an arbitrator) in accordance with this Agreement (including Section 2.4(e)) as soon as practicable thereafter (but in any event within thirty (30) days after engagement of the Accounting Firm). Buyer and Seller shall direct the Accounting Firm to deliver a written report containing its final determination of the subject matter of the disputed Objections (which determination shall be within the range of dispute in respect of each Objection between the amounts set forth on the Closing Statement and the Objection Notice) within such thirty (30) day period. The Accounting Firm's determination shall be based solely on the definitions and other applicable provisions of this Agreement and/or presentations submitted by each of Buyer and Seller. For the avoidance of doubt, neither Buyer nor Seller shall have any *ex parte* communications with the Accounting Firm relating to this Section 2.4(b) or this Agreement, and the Accounting Firm shall not conduct an independent investigation in respect of its determination. All Objections that are resolved between the parties or are determined by the Accounting Firm will be final, conclusive and binding on the parties absent manifest error or fraud. The costs and expenses of the Accounting Firm shall be borne by Buyer and Seller in proportion as is appropriate to reflect their relative success in the resolution of the dispute. For example, if Seller challenges the calculation of the Final Purchase Price by an amount of $100,000, but the Accounting Firm determines that Seller has a valid claim for only $60,000, then Buyer shall bear sixty percent (60%) of the fees and expenses of the Accounting Firm and Seller shall bear the other forty percent (40%) of such fees and expenses.

(c) Access. Buyer shall, and shall cause each Group Company to, make its financial records, accounting personnel and advisors available to Seller, its accountants and other representatives and by the Accounting Firm at reasonable times during the preparation by Seller of, review by the Accounting Firm and Seller of, and the resolution of any Objections with respect to, the Closing Statement.

(d) Adjustments.

(i) Payment by the Company. If the Purchase Price as finally determined pursuant to Section 2.4(b) (the "Final Purchase Price") exceeds the Estimated Purchase Price, then Buyer shall, or shall cause a Group Company to, pay to Seller an amount equal to such excess by wire transfer of immediately available funds within three (3) Business Days after the date on which the Final Purchase Price is finally determined.

(ii) Payment from the Escrow Funds. If the Final Purchase Price is less than the Estimated Purchase Price, then within three (3) Business Days after the date on which the Final Purchase Price is finally determined, then Seller and Buyer shall deliver a joint written instruction to the Escrow Agent directing the Escrow Agent to release and pay to Buyer, by wire transfer of immediately available funds to the bank account designated in such joint written instruction no later than the fifth (5^{th}) Business Day after the date on which the Final Purchase Price is finally determined, a portion of the Escrow Funds equal to the amount of such shortfall (not to exceed the amount of Escrow Funds in the Escrow Account). If the amount by which the Final Purchase Price is less than the Estimated Purchase Price exceeds the amount of Escrow Funds in the Escrow Account (the "Overage Amount"), then the JPay Threshold shall be reduced by an amount equal to the Overage Amount as provided in the definition of "JPay Threshold".

(iii) Release of Escrow Funds. Within three (3) Business Days after the date on which the Final Purchase Price is finally determined, Seller and Buyer shall deliver to the Escrow Agent a joint written instruction directing the Escrow Agent to release and pay to Seller, by wire transfer of immediately available funds to the bank account designated in such joint written instruction no later than the fifth (5^{th}) Business Day after the date on which the Final Purchase Price is finally determined, an amount equal to the Escrow Funds remaining in the Escrow Account after giving effect to any payment required pursuant to Section 2.4(d)(ii).

(e) Accounting Procedures. The Estimated Closing Statement, the Closing Statement and the determinations and calculations contained therein shall be prepared and calculated on a consolidated basis for the Group Companies in accordance with GAAP and, to the extent consistent with GAAP, consistent with the same accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, inclusions, exclusions and valuation and estimation methodologies) used and applied by the Group Companies in the preparation of the Latest Balance Sheet, except such statements, calculations and determinations: (i) shall not include any purchase accounting or other adjustment arising out of the consummation of the transactions contemplated by this Agreement, (ii) shall only consider facts and circumstances as they exist prior to the Closing, (iii) shall exclude the effect of any change in law or GAAP, (iv) shall follow the defined terms contained in this Agreement and (v) shall be consistent with the sample calculation of Net Working Capital attached hereto as Exhibit A.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES CONCERNING THE GROUP COMPANIES

Seller and the Company hereby represent and warrant to Buyer as follows:

Section 3.1 Organization and Qualification; Subsidiaries.

(a) Each Group Company is a corporation, limited liability company, limited partnership or other applicable business entity duly organized, validly existing and in good standing (if applicable) under the laws of its jurisdiction of formation. Each Group Company has the requisite corporate, limited liability company, limited partnership or other applicable business entity power and authority to own, lease and operate its material properties and to carry on its businesses as presently conducted.

(b) Each Group Company is duly qualified or licensed to transact business and is in good standing (if applicable) in each jurisdiction in which the property and assets owned, leased or operated by it, or the nature of the business conducted by it, makes such qualification or licensing necessary, except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing would not reasonably be expected to have a Material Adverse Effect.

Section 3.2 Capitalization of the Group Companies.

(a) The Shares comprise all of the issued and outstanding capital stock of the Company, and the Shares have been duly authorized and validly issued and are fully paid and non-assessable. There are outstanding (i) no other equity securities of the Company, (ii) no securities of the Company that are convertible into or exchangeable for, at any time, equity securities of the Company, and (iii) no options or other rights to acquire from the Company, and no obligations of the Company to issue, any equity securities or securities convertible into or exchangeable for equity securities of the Company.

(b) Except as set forth on Schedule 3.2(b), no Group Company owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for, at any time, any equity or similar interest in, any Person. Schedule 3.2(b) sets forth the name, owner, and jurisdiction of incorporation, formation or organization (as applicable) and percentages of outstanding equity securities owned by each Group Company, with respect to each Person that has issued equity or equity-related securities owned by such Group Company. Except as set forth on Schedule 3.2(b), all outstanding equity securities of each Subsidiary of the Company (except to the extent such concepts are not applicable under applicable Law of such Subsidiary's jurisdiction of incorporation, formation or organization (as applicable) or other applicable Law) have been duly authorized and validly issued, are free and clear of any preemptive rights (except to the extent provided by applicable Law and other than such rights as may be held by any Group Company), restrictions on transfer (other than restrictions under applicable federal, state and other securities Laws), or Liens (other than Liens securing the obligations of the Group Companies under the Credit Facilities which will be released or authorized to be released at the Closing pursuant to the Pay-off Letters) and are wholly owned, beneficially and of record, by another Group Company. Except as set forth on Schedule 3.2(b), there are no outstanding (i) equity securities issued by any Subsidiary of the Company, (ii) securities issued by any Subsidiary of the Company convertible into or exchangeable for, at any time, equity securities of any Subsidiary of the Company or (iii) options or other rights to acquire from any Subsidiary of the Company equity securities of any Subsidiary of the Company.

Section 3.3 **Authority**. The Company has the requisite corporate power and authority to execute and deliver this Agreement and will have the requisite corporate power and authority to execute and deliver each other agreement, document, instrument and/or certificate contemplated by this Agreement to be executed in connection with the transactions contemplated hereby (the "Ancillary Documents") and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement (and the Ancillary Documents to which the Company will be a party) and the consummation of the transactions contemplated hereby and thereby have been (or at the Closing will be) duly authorized by all necessary corporate action on the part of the Company. This Agreement has been (and the execution and delivery of each of the Ancillary Documents to which the Company is a party will be) duly executed and delivered by the Company and constitute (or will at the Closing constitute) a valid, legal and binding agreement of the Company (assuming that this Agreement has been (and the Ancillary Documents to which the Company is a party will be) duly and validly authorized, executed and delivered by Buyer), enforceable against the Company in accordance with their terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the enforcement of creditors' rights generally and (ii) that the availability of equitable remedies, including, specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

Section 3.4 **Financial Statements; No Undisclosed Liabilities**.

(a) Attached hereto as Schedule 3.4(a) are true and complete copies of the following financial statements (such financial statements, the "Financial Statements"):

(i) the audited consolidated balance sheet of Securus Technologies as of December 31, 2014, and the related audited consolidated statements of income and cash flows for the fiscal year then ended;

(ii) the audited consolidated balance sheet of Securus Technologies as of December 31, 2015, and the related audited consolidated statements of income and cash flows for the fiscal year then ended;

(iii) the audited consolidated balance sheet of Securus Technologies as of December 31, 2016 (the "Latest Balance Sheet"), and the related audited consolidated statements of income and cash flows for the fiscal year then ended; and

(iv) the unaudited consolidated balance sheet of Securus Technologies as of March 31, 2017, and the related unaudited consolidated statements of income and cash flows for the three (3) month period then ended.

(b) Except as set forth on Schedule 3.4(b), the Financial Statements (i) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except as may be indicated in the notes thereto and subject, in the case of unaudited Financial Statements, to the absence of footnotes and normal year-end adjustments and (ii) fairly present, in all material respects, the consolidated financial position of Securus Technologies and its Subsidiaries as of the dates thereof and their consolidated results of operations for the periods then ended (subject, in the case of unaudited Financial Statements, to the absence of footnotes and normal year-end adjustments, in each case only to the extent not having a material effect on the Financial Statements, individually or in the aggregate).

(c) The Group Companies, considered together, do not have any liability or obligation of any nature, whether accrued, absolute, contingent, known or unknown or otherwise, except for (i) liabilities and obligations expressly described and specifically accrued and reserved against in the Latest Balance Sheet, (ii) liabilities and obligations which have arisen after the date of the Latest Balance Sheet in the ordinary course of business consistent with past practice, (iii) liabilities and obligations arising under this Agreement, (iv) executory obligations under contracts and Benefit Plans, other than as a result of breach or default thereunder and (v) liabilities and obligations which, individually or in the aggregate, are not material to the Group Companies, taken as a whole.

(d) Except as set forth on Schedule 3.4(d), neither the Company nor its wholly owned subsidiary, Securus Holdings, Inc., (i) currently conduct, or any time have conducted, any business activities other than serving as holding companies for their respective wholly owned subsidiaries or (ii) have any material liabilities or obligations of any kind other than (A) immaterial administrative obligations related to their function as holding companies, (B) consolidated taxes of the Group Companies that are reflected on the Financial Statements or incurred thereafter in the ordinary course, (C) liabilities and obligations arising under that certain Agreement and Plan of Merger, dated as of March 14, 2013, by and among the Company, Securus Investment Holdings, LLC, Connect Merger Sub, Inc. and Connect Acquisition LLC and (D) liabilities and obligations arising under this Agreement or agreements governing the transactions contemplated by this Agreement to which it is a party.

(e) Without limiting the generality of Section 3.4(c), except as accrued on the Latest Balance Sheet, no Group Company (i) has any liabilities or obligations under any Unclaimed Property Laws (or arising out of any failure to comply with Unclaimed Property Laws) or (ii) owes any amounts to any quasi-governmental entity such as the Universal Service Administrative Company or a similar state entity, including but not limited to assessments for the Universal Service Fund, Telecommunications Relay Service, North American Numbering Plan Administration and Local Number Portability, except, in each case, as would not reasonably be expected to result in any material fine, penalty or liability.

Section 3.5 Consents and Requisite Governmental Approvals; No Violations. Except as set forth on Schedule 3.5, assuming the truth and accuracy of the representations and warranties of Buyer set forth in Section 5.3, no notices to, filings with, or authorizations, consents or approvals of any Person or Governmental Entity are necessary for the execution, delivery or performance by any Group Company of this Agreement or the Ancillary Documents to which such Group Company is a party or the consummation by the Company of the transactions contemplated hereby and thereby, except for (i) compliance with and filings under the HSR Act, (ii) those the failure of which to obtain or make would not reasonably be expected to result in any material fine, penalty or liability, and (iii) those that may be required solely by reason of Buyer's (as opposed to any other third party's) participation in the transactions contemplated hereby. Neither the execution, delivery or performance by the Company of this Agreement or the Ancillary Documents to which the Company is (or will at the Closing be) a party nor the consummation by the Company of the transactions contemplated hereby or thereby will (a) conflict with or result in any breach of any provision of any Group Company's Governing Documents, (b) except as set forth on Schedule 3.5, result in a material violation or material breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a material default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any Material Contract, (c) violate, in any material respect, any Law or (d) except as contemplated by this Agreement or with respect to Permitted Liens, result in the creation of any Lien upon any of the assets of any Group Company.

Section 3.6 Permits. The Group Companies have obtained and hold all material Permits that the Group Companies are required to hold in order to conduct their businesses in compliance with all applicable Laws (collectively, the "Group Company Permits") except where the failure to have obtained or hold any of such permits would not be expected to result in any material fine, penalty or liability. Except where the failure to be in full force and effect would not be material to the Group Companies taken as whole, Group Company Permit is valid and in full force and effect either pursuant to its terms or by operation of law, and each Group Company is in compliance in all material respects with the terms of all Group Company Permits held by such Group Company. No Governmental Entity has commenced, or given written notice to any Group Company that it intends to commence, a proceeding to revoke or suspend any Group Company Permit, or given written notice that it intends not to renew any Group Company Permit.

Section 3.7 Material Contracts.

(a) Except for the agreements, contracts or commitments set forth on Schedule 3.7(a) (collectively, the "Material Contracts") and except for this Agreement and except for any Material Real Property Lease, as of the date of this Agreement no Group Company is a party to or bound by any written agreement, contract or commitment:

(i) with any officer, individual employee or independent contractor on a full-time, part-time, consulting or other basis providing annual compensation in excess of $200,000 (other than any "at-will" contract that may be terminated by any Group Company upon thirty (30) days or less advance notice), including contracts with respect to employment, severance, separation, change in control, retention or similar arrangements for the provision of services to the Group Companies on a full or part time basis;

(ii) that prohibits in any material respect the ability of the Group Companies to compete in any line of business, other than those entered into in the ordinary course of business;

(iii) with a Material Customer or Material Vendor;

(iv) that is a lease under which any Group Company is lessor of or permits any third party to hold or operate any tangible property (other than real property), owned or controlled by any Group Company, except for any lease under which the aggregate annual rental payments do not exceed $500,000;

(v) that has future sums due from the Group Companies, taken as a whole, during the period commencing on the date of this Agreement and ending on the twelve (12) month anniversary of this Agreement in excess of an aggregate amount therefor of $2,500,000 and which is not terminable without material penalty upon not more than ninety (90) days' notice to the counterparty;

(vi) that is a collective bargaining agreement, labor contract or other written agreement or arrangement with any labor union or any employee organization;

(vii) that is a contract that relates to the future disposition or acquisition of a material business by any Group Company, or any merger or business combination with respect to any Group Company;

(viii) that involves any material joint venture, legal partnership or similar arrangement;

(ix) that relates to Indebtedness, except any such agreement between or among any of the Group Companies; or

(x) that is a license of Software and that requires payment by any Group Company of an annual license or royalty of $150,000 or more.

(b) Except as set forth on Schedule 3.7(b), each Material Contract is valid and binding on the applicable Group Company and enforceable in accordance with its terms against such Group Company and, to the Company's knowledge, each other party thereto (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting generally the enforcement of creditors' rights and subject to general principles of equity). No Group Company is in material violation or material breach of the terms of any Material Contract and no event, condition or omissions exists, or has occurred which, individually or in the aggregate, with or without the giving of notice of the lapse of time or both would constitute, or would reasonably be expected to result in a material breach of, or a material default under, any Material Contract by any Group Company or, to the Company's knowledge, any other party thereto. Except as set forth on Schedule 3.7(b), during the past two (2) years, no Group Company has received written notice of any material default under any Material Contract.

Section 3.8 **Absence of Changes**. Except as set forth on Schedule 3.8, since December 31, 2016, (i) there has not been any event, change, occurrence or circumstance that has had or would reasonably be expected to have a Material Adverse Effect, (ii) each Group Company has conducted its business in the ordinary course substantially consistent with past practices (other than in respect of its performance of this Agreement) and (iii) without limiting the generality of the foregoing, no Group Company has taken any action without Buyer's consent that would have required Buyer's consent under clauses (i), (ii), (iv), (v), (vii), (x), (xi), (xiii), (xv), (xviii), (xxi) or (xxii) of Section 6.1(b).

Section 3.9 Litigation. Except as set forth on Schedule 3.9, there is no material Action pending or, to the Company's knowledge, threatened in writing against any Group Company before any Governmental Entity. Except as set forth on Schedule 3.9, no Group Company is subject to any material outstanding judgment, stipulation, settlement agreement, award, order, writ, injunction or decree.

Section 3.10 Compliance with Applicable Law.

(a) Except as set forth on Schedule 3.10, since December 31, 2014, the Group Companies have been and the business of the Group Companies have been operated, and the Group Companies are and the business of the Group Companies is operated, in material compliance with all applicable Laws. Except as set forth on Schedule 3.10, there is no material Action pending or, to the Company's knowledge, threatened in writing by any Governmental Entity with respect to any alleged violation, in any material respect, by any Group Company of any Law or order of any Governmental Entity.

(b) Without limiting the generality of Section 3.10(a), none of the Group Companies nor any of their respective employees or agents, has taken any action that would constitute a violation of any Law that prohibits commercial bribery or corruption or made any bribe, kickback, or illegal or improper payment to assist any Group Company in obtaining or retaining business.

(c) Without limiting the generality of Section 3.10(a), the Group Companies have (i) filed all reports and paid all fees and remittances (e.g., 911 charges, regulatory fees, and other assessments and contributions) required under any Telecommunications Laws, (ii) sought and received all approvals required under any Telecommunications Laws for all prior transactions (including the incurrence of indebtedness in connection therewith), and (iii) operated the business in compliance with the Group Companies' filed tariffs and/or terms of terms of service under all applicable Telecommunications Laws, in each case except where the failure of such representation to be so true would not be expected to result in any material fine, penalty or liability. Except as set forth in Schedule 3.10, no Group Company is subject to any material formal or informal complaint, investigation, audit, inquiry, or other proceeding concerning the Group Companies' compliance with Telecommunications Laws.

(d) Without limiting the generality of Section 3.10(a), the use and handling of personal information and personally identifiable information by the Group Companies has at all times been in compliance in all material respects with (i) the Group Companies' policies governing notice, use and handling of personal information and personally identifiable information and (ii) all applicable Laws. No Group Company has received in the past three (3) years any written notice or allegation that it is, or may be, in violation of any data privacy related Law. To the Company's knowledge, there are no facts or circumstances that would reasonably be expected to give rise to a violation of any data privacy related Laws.

Section 3.11 Benefit Plans.

(a) Schedule 3.11(a) lists all material Benefit Plans. Other than as required under Section 601 et. seq. of ERISA or other applicable Law, no Benefit Plan provides post-termination or retiree welfare benefits to any Person for any reason, and no Group Company has any obligation to provide post-termination or retiree welfare benefits to any Person.

(b) Except as set forth on Schedule 3.11(b), (i) no U.S. Benefit Plan is a Multiemployer Plan or a plan that is subject to Title IV of ERISA and (ii) no Group Company has made or been required to make any contributions to any Multiemployer Plan since April 30, 2013.

(c) Each Benefit Plan has been maintained and administered in compliance in all material respects with its terms and with all applicable Laws, including, if applicable, ERISA and the Code. Each U.S. Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is the subject of a favorable opinion letter from the Internal Revenue Service on the form of such U.S. Benefit Plan and, to the Company's knowledge, there are no facts or circumstances that would be reasonably likely to materially adversely affect the qualified status of any such U.S. Benefit Plan.

(d) No material liability under Title IV of ERISA has been or is reasonably expected to be incurred by any Group Company.

(e) No Group Company has engaged in any prohibited transaction (as defined in Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary duty (as determined under ERISA) with respect to any Benefit Plan that would be reasonably likely to subject any Group Company to any material Tax or penalty (civil or otherwise) imposed by ERISA, the Code or other applicable Law. No Group Company is subject to any material penalty or Tax with respect to any U.S. Benefit Plan under Section 502(i) of ERISA or Sections 4975 through 4980 of the Code.

(f) With respect to each Benefit Plan, the Company has made available to Buyer copies, to the extent applicable, of (i) the current plan and trust documents and the most recent summary plan description, (ii) if applicable, the most recent annual report (Form 5500 series), (iii) the most recent financial statements and (iv) if applicable, the most recent Internal Revenue Service determination letter.

(g) Except as set forth on Schedule 3.11(g), no amount that could be received (whether in cash or property or the vesting of property) by any "disqualified individual" of any of the Group Companies under any U.S. Benefit Plan or otherwise as a result of the consummation of the transactions contemplated by this Agreement would reasonably be expected to be subject to an excise tax under Section 4999 of the Code and no Group Company has any indemnity or gross-up obligation for any such tax.

(h) Each Group Company has withheld all amount required to be withheld from wages, salaries or other amounts paid to any Employees under applicable Law, any collective bargaining agreement or any Benefit Plan. All contributions due from, and all withholdings required to be made by, any Group Company with respect to any Benefit Plan have been made or have been accrued as liabilities on the books of such Group Company and properly reflected in the financial statements of such Group Company in accordance with applicable Law. Each U.S. Benefit Plan that is subject to Section 409A of the Code has been administered in material compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. No Group Company has any indemnity or gross-up obligation for any taxes or interest imposed or accelerated under Section 409A of the Code.

(i) Except as otherwise provided in this Section 3.11(i), there is no contract, plan or arrangement (written or otherwise) covering any current Employee or independent contractor or consultant to any Group Company that, in connection with the transactions contemplated in this Agreement, will (either alone or upon the occurrence of any additional or subsequent event) (i) entitle such Employee, independent contractor or consultant to severance pay or any other payment, (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation or any other benefit due to such Employee, independent contractor or consultant, or (iii) increase the amount payable by any Group Company under or result in any other material obligation of any Group Company pursuant to any Benefit Plan.

Section 3.12 Environmental Matters.

(a) Except as set forth on Schedule 3.12:

(i) the Group Companies are in material compliance with all Environmental Laws and no hazardous materials have been produced, sold, used, stored, transported, arranged for transport, handled, released, discharged or disposed of by any Group Company at or from the facilities currently or formerly owned or leased by any Group Company in a manner that violated, in any material respect, any applicable Environmental Law;

(ii) without limiting the generality of the foregoing, the Group Companies hold and are in compliance in all material respects with all Permits that are required pursuant to Environmental Laws; and

(iii) no Group Company has received in the past three (3) years any written notice of any material violation of, or material liability (including any investigatory, corrective or remedial obligation) under, any Environmental Laws.

(b) The Company has made available to Buyer complete copies of all material reports, studies or investigations in its possession relating to any current or former business or property owned or operated by any Group Company relating to environmental conditions, liabilities or related compliance matters.

Section 3.13 Intellectual Property.

(a) Except as set forth on Schedule 3.13(a) the Group Companies own, license or otherwise have a right to use, free and clear of all Liens except for Permitted Liens, the

Intellectual Property necessary for the conduct of the business of the Group Companies as currently conducted.

(b) Schedule 3.13(b) sets forth a true, correct and complete list of all Group Company Registered Intellectual Property owned by any Group Company (setting forth, for each item, the full legal name of the owner of record, applicable jurisdiction, status, application or registration number, and date of application, registration or issuance, as applicable).

(c) The Group Companies in the past three (3) years, have complied with all the requirements of all applicable Governmental Entities to maintain the material Group Company Registered Intellectual Property in full force and effect, including payment of all required fees when due to such offices or agencies, including the payment of any registration, maintenance or renewal fees or the filing of any responses to United States Patent and Trademark Office or foreign counterparts, as the case may be, office actions, documents, applications or certificates for the purpose of obtaining, maintaining, perfecting or preserving or renewing such Group Company Registered Intellectual Property. All material Group Company Intellectual Property owned by the Group Companies (the "Owned Intellectual Property") is subsisting and enforceable and has not been abandoned or passed into the public domain. The Group Companies have taken reasonable steps to preserve and protect their respective material trademark rights included in the Owned Intellectual Property.

(d) Except as set forth on Schedule 3.13(d), each item of Group Company Intellectual Property is either (i) owned solely by a Group Company or (ii) rightfully and legally used and authorized for use by a Group Company and its respective permitted successors and assigns pursuant to a valid and enforceable written license or under applicable Laws (including any items that have fallen into or otherwise been dedicated to, the public domain (as such term is defined under applicable copyright Laws), in each case, free and clear of any Liens other than Permitted Liens. The Group Company Intellectual Property constitutes all of the Intellectual Property necessary for, or used in connection with, the operation of the business of the Group Companies, and there is no other Intellectual Property that is material or necessary to the operation of the business of the Group Companies as presently conducted. There are no outstanding rights or options (whether or not currently exercisable), licenses or agreements of any kind (including, without limitation, any agreement for joint development and/or joint ownership of Intellectual Property) granted by any Group Company relating to the Group Company Intellectual Property, and no Group Company is obligated to pay any royalties or other compensation (other than Software licenses), to any third party (including, without limitation, any current or former employees, consultants, independent contractors or subcontractors) in respect of its ownership, use or license of any Group Company Intellectual Property. Without limiting the generality of the foregoing, no open source Software or other subject matter that is distributed under an open source license requiring that any material Group Company Intellectual Property be disclosed, licensed or distributed to others, such as (by way of example only) the GNU General Public License or other 'copyleft' licenses is or has been incorporated into any Group Company Intellectual Property. Each Group Company is, and has been in the past three (3) years in compliance with all applicable licenses with respect any third party Software that constitute open source software, and no Group Company has received any written requests from any Person for disclosure of Software owned by any Group Company.

(e) The conduct of the business of the Group Companies has not in the past three (3) years and does not violate, misappropriate or infringe the Intellectual Property of any Person, and except as set forth on Schedule 3.13(e), there is no Action pending or, to the Company's knowledge, threatened in writing which alleges a violation, misappropriation or infringement by any Group Company of the Intellectual Property of any other Person. None of the Group Companies have in the past three (3) years received any written notice or claim (other than office actions) challenging the validity, registrability, enforceability, ownership or use of any Owned Intellectual Property. To the Company's knowledge, no Person has in the past three (3) years violated, misappropriated or infringed, or is violating, misappropriating or infringing, any Owned Intellectual Property and no Group Company has in the past three (3) years brought any claims against any third party alleging infringement of any Group Company Intellectual Property.

(f) The execution and delivery of this Agreement by the Company and the consummation of the transactions contemplated herein will not constitute a default under, give rise to cancellation rights under or otherwise adversely affect any of the rights of any Group Company under any Group Company Intellectual Property, or result in the breach, modification, termination or suspension of (or give the other party thereto the right to cause any of the foregoing) any of the Group Company IP Agreements nor will such execution and delivery or consummation require the consent of any other party, except for any consents or other agreements set forth or required to be set forth on Schedule 4.3. Following the Closing Date, each Group Company will be permitted to exercise all of its rights and receive all of its benefits (including payments) under the Group Company IP Agreements to the same extent that the applicable Group Company would have been able to, had the transactions contemplated by this Agreement not occurred and without the payment of any additional amounts or consideration.

(g) The Group Companies take and have taken commercially reasonable measures to protect and maintain the confidentiality of all trade secrets and other confidential or proprietary information used or held for use in connection with the operation of the business of the Group Companies as currently conducted. Except as set forth on Schedule 3.13(g), the Group Companies have a policy of requiring from employees and consultants, independent contractors and subcontractors who have created any portion of, or otherwise who are or were involved in the creation or development of, any material Owned Intellectual Property, or who are or were provided access to trade secrets or confidential or proprietary information of any Group Company, valid and enforceable written agreements pursuant to which each such party assigned to the applicable Group Company all rights in and to such Owned Intellectual Property and/or agreed to maintain the confidentiality of all such trade secrets and proprietary and confidential information. To the knowledge of Company, (i) in the last (3) three years, there has been no misappropriation of any trade secrets by any Person; (ii) no employee, independent contractor or agent of any Group Company has in the last three (3) years misappropriated any trade secrets of any other third party in the course of performance as an employee, independent contractor or agent of such Group Company; and (iii) no employee, independent contractor or agent of any Group Company is bound by or otherwise subject to any obligations to a third-party restricting such employee, independent contractor or agent from performing his or her duties for such Group Company or in breach of any contract with any former employer or other entity concerning any Intellectual Property of the Group Companies or confidentiality.

(h) The Group Companies have taken commercially reasonable steps to secure their business data from unauthorized access or unauthorized use by any Person and, since December 31, 2014, except as set forth in Schedule 3.13(h), to the Company's knowledge, no Person has successfully obtained unauthorized access to or use of its business data.

(i) Each Group Company owns, free and clear of all Liens (other than Permitted Liens), or has the right to use the material IT Assets owned or used by it (the "Group Company IT Assets"). The Group Company IT Assets constitute all of the IT Assets necessary for or material to the conduct of the business of the Group Companies as presently conducted. The Group Company IT Assets operate and perform as required for the Group Companies to conduct their respective businesses as of the Closing Date, and have not been subject to a material malfunction or failure which was not remedied in all material respects. The Group Companies have implemented commercially reasonable backup, security and disaster recovery technology, and no Person, has in the last three years, gained unauthorized access to any Group Company IT Assets.

(j) Schedule 3.13(j) sets forth a true and complete list of all exclusive Group Company IP Agreements relating to Licensed Intellectual Property. Schedule 3.13(j) sets forth, as of the date hereof, all agreements under which the any Group Company is obligated to make payments (in any form, including royalties, milestones and other contingent payments) to third parties for use of any Licensed Intellectual Property, excluding any license of Software that requires payment by any Group Company of an annual license or royalty of less than $150,000. Schedule 3.13(j) lists all Group Company IP Agreements pursuant to which any Group Company has granted any license or other right to any third party with respect to the Owned Intellectual Property or Licensed Intellectual Property, excluding non-exclusive licenses granted to customers. Except as disclosed in Schedule 3.13(j) with respect to Group Company IP Agreements, no Group Company has granted any license or other right to any third party with respect to the Owned Intellectual Property or Licensed Intellectual Property. No Group Company nor a Subsidiary is in breach of and neither has failed to perform under, any of the Group Company IP Agreements and, to Company's knowledge, no other party to any such Group Company IP Agreement is in breach thereof or has failed to perform thereunder.

(k) No Governmental Entity, university or educational institution has sponsored research and development in connection with the business of the Group Companies as currently conducted under an agreement or arrangement that would provide such Governmental Entity, university or educational institution with any claim of ownership to any Owned Intellectual Property that is material to the conduct of the business of the Group Companies.

Section 3.14 Labor Matters.

(a) The Company has made available to Buyer_with respect to each current Employee (including any current Employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, including disability, family or other leave, or sick leave or on layoff status subject to recall): (i) each Employee's identification number and the date as of which such Employee was originally hired by the applicable Group Company, and whether such Employee is on an active or inactive status; (ii) such Employee's (A) job title, (B) current base salary or wages (as applicable) and (C) bonus target for 2017; (iii) the location at which such current Employee is deemed to be located; (v) whether such Employee is (X) treated as exempt or non-exempt, (Y) full-time or part-time act or (Z) active or on leave of absence.

(b) The Company has made available to Buyer a list of individuals who are currently performing services for the Group Company and are classified as "consultants" or "independent contractors," the respective compensation of each such "consultant" or "independent contractor", whether such Group Company is party to a consulting or independent contractor agreement with the individual. All such current material consulting and independent contractor agreements contain customary and appropriate nondisclosure, confidentiality and assignment of inventions.

(c) Except as set forth on Schedule 3.14(c), (i) no Group Company is a party to any collective bargaining agreement with respect to its employees, (ii) since December 31, 2014, there has not been any, and there is currently no, labor strike, work stoppage, lockout, or other material labor dispute pending or, to the Company's knowledge, threatened against any Group Company, (iii) to the Company's knowledge, no union organization campaign is in progress with respect to any employees of any Group Company and (iv) the business of the Group Companies is operated in material compliance with all applicable employment-related Laws, except for noncompliance that individually or in the aggregate would not be material to the Group Companies, taken as a whole. No Group Company has engaged in any location closing or employee layoff activities during the ninety- (90-) day period prior to the date hereof that would violate the Worker Adjustment Retraining and Notification Act of 1988, as amended, or any similar state or local plan closing or mass layoff statute, rule or regulation.

(d) Each Group Company is, and since December 31, 2014 has been, in material compliance with all applicable Laws pertaining to employment and employment practices, including those related to wages, hours, eligibility for and payment of overtime compensation, worker classification (including the proper classification of independent contractors and consultants), Tax withholding, collective bargaining, unemployment insurance, workers' compensation, immigration, employment discrimination, disability rights, equal opportunity, leaves of absence, affirmative action, plant closing and mass layoff issues, occupational safety and health Laws. Except as would not result in any material liability, all Employees have been since December 31, 2014, and currently are, properly classified under the Fair Labor Standards Act of 1938, as amended, and under any similar Law of any state or other jurisdiction applicable to such Employees. Any Persons now or since December 31, 2014 engaged by any Group Company as independent contractors, rather than employees, and receiving compensation from any Group Company, (i) have been properly classified as such (except where the failure to be properly classified would not result in any material liability), (ii) are not entitled to any material unpaid compensation or benefits or severance payments to which regular employees are or were at the relevant time entitled and (iii) were and have been engaged in compliance, in all material respects, with all applicable Laws (including Tax Laws). No Group Company is delinquent to, nor has it failed to, pay any of its employees for any material amount of wages (including overtime, meal breaks or waiting time penalties), salaries, commissions, or other compensation that have become due and owing under applicable Law. To the Company's knowledge, each current Employee working in the United States is a United

States citizen or has a current and valid work visa or otherwise has the lawful right or authorization to work in the United States.

(e) Except as set forth on Schedule 3.14(e), there are no material Actions pending or, to the Company's knowledge, threatened, before any Governmental Entity by any Employees, including for compensation, termination and/or severance benefits payments or vacation pay or vacation time, unpaid meal or rest breaks, or pension benefits, or any other claim threatened or pending before any Governmental Entity from any Employee or any other Person, arising out of any Group Company's status as employer or joint employer, whether in the form of claims for employment discrimination, harassment, retaliation, unfair labor practices, wrongful discharge, wage and hour violations, breach of contract, unfair business practice, tort, unfair competition, occupational health and safety compensation or otherwise.

Section 3.15 Insurance. Schedule 3.15 contains a list of all policies of fire, liability, workers' compensation, property, casualty and other forms of insurance owned or held by the Group Companies as of the date of this Agreement. All such policies are in full force and effect, all premiums with respect thereto covering all periods up to and including the Closing Date have been paid or will have been paid as of the Closing, and no notice of cancellation or termination has been received by any Group Company with respect to any such policy. Except as set forth on Schedule 3.15, (a) no Group Company has made any material claim under any such policy during the two (2) year period prior to the date of this Agreement with respect to which an insurer has, in a written notice to a Group Company, questioned, denied or disputed or otherwise reserved its rights with respect to coverage and (b) no insurer has threatened in writing to cancel any such policy. The insurance policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Group Companies and are sufficient for compliance with all applicable Laws and Material Contracts to which the Group Company is a party or by which it is bound.

Section 3.16 Tax Matters. Except as set forth on Schedule 3.16:

(a) each Group Company has prepared and duly filed with the appropriate domestic federal, state, local and foreign Tax authorities all material tax returns, information returns, statements, forms, filings and reports (each a "Tax Return" and, collectively, the "Tax Returns") required to be filed with respect to any Group Company, all such Tax Returns were true, correct and complete in all material respects, and each Group Company has paid all material Taxes owed or payable by it, including Taxes which any Group Company is obligated to withhold (in connection with amounts paid or owing to any Employee, creditor, Affiliate, customer, supplier or other third party), in each case except to the extent that liability for any such item of Taxes is being contested in good faith;

(b) no Group Company is currently the subject of a Tax audit or examination and there are no pending disputes or claims made by any Governmental Entity in writing concerning any Tax liability of any Group Company;

(c) no Group Company has waived any statute of limitations in respect of Taxes or consented to extend the time, or is the beneficiary of any extension of time, in which any Tax may be assessed or collected by any taxing authority, other than any such extensions that are no longer in effect or that were obtained in the ordinary course of business of the Group Companies;

(d) no Group Company is or has been a party to any "listed transaction" as defined in Code section 6707A and Treasury Regulation Section 1.6011-4;

(e) no Group Company is a party to or bound by any Tax allocation or sharing agreement, other than an agreement entered into in the ordinary course of business, the primary of purpose of which did not relate to Taxes;

(f) during the three- (3-) year period ending on the date hereof, no Group Company was a distributing corporation or a controlled corporation in a transaction intended to be governed by Section 355 of the Code;

(g) no Group Company has (i) been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was a Group Company), or (ii) has any liability for the Taxes of any Person (other than a Group Company) under Section 1.1502 6 of the Treasury Regulations (or any similar provision of state, local or non-United States law), as a transferee or successor or by contract (other than any contract the principal purpose of does not relate to Taxes);

(h) no Group Company will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or non-United States income Tax Law) executed on or prior to the Closing Date, (iii) installment sale or open transaction disposition made on or prior to the Closing Date or (iv) election under Section 108(i) of the Code; and

(i) no jurisdiction in which a Group Company does not file Tax Returns has asserted in writing that such Group Company is or may be subject to taxation by that jurisdiction.

Section 3.17 Brokers. No broker, finder, financial advisor or investment banker, other than Deutsche Bank Securities Inc. and BNP Paribas Securities Corp. (whose fees shall be included in the Seller Expenses), is entitled to any broker's, finder's, financial advisor's, investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of any Group Company.

Section 3.18 Real and Personal Property.

(a) Real Property. No Group Company owns any real property. Schedule 3.18(a) sets forth (whether as lessee or lessor) a list of all leases (each a "Material Real Property Lease") of real property (such real property, the "Leased Real Property") pursuant to which any Group Company is a tenant as of the date of this Agreement, except for any lease or agreement pursuant to which any Group Company holds Leased Real Property for which the aggregate annual rental payments do not exceed $500,000. Except as set forth on Schedule 3.18(a), each Material Real Property Lease is valid and binding on the Group Company party thereto, enforceable in accordance with its terms (subject to proper authorization and execution of such Material Real Property Lease by the other party thereto and subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting generally the enforcement of creditors' rights and subject to general principles of equity). Except as set forth on Schedule 3.18(a), each of the Group Companies, and, to the Company's knowledge, each of the other parties thereto, has performed in all material respects all material obligations required to be performed by it under each Material Real Property Lease. Except as set forth on Schedule 3.18(a), (i) there are no written or oral subleases, concessions or other contracts granting to any Person other than a Group Company the right to use or occupy any Leased Real Property and (ii) there are no outstanding options or rights of first refusal to purchase all or a portion of such properties.

(b) Personal Property. Except as set forth on Schedule 3.18(b), the Group Companies collectively own or hold under valid leases all material machinery, equipment and other personal property (excluding, for the avoidance of doubt, rights in Intellectual Property) necessary for the conduct of their businesses as currently conducted, and none of such properties are subject to any Liens except for Liens identified on Schedule 3.18(b) and Permitted Liens.

Section 3.19 Transactions with Affiliates. Except as set forth on Schedule 3.19, (i) no officer, director, stockholder or Affiliate of any Group Company (other than Affiliates that are Group Companies) or to the Company's knowledge, any individual in such officer's, director's or stockholder's immediate family is a party to any agreements or contracts (other than employment or employment related agreements) with any Group Company or has any interest in any property used by any Group Company and (ii) to the Company's knowledge no member of Seller, or any direct or indirect owner of any member of Seller is a party to any contract or agreement with any Group Company or any officer, director, or Employee of any Group Company other than (a), with respect to the Employees who are members of Seller, contracts or agreements relating to their employment which are disclosed pursuant to other Sections of this Article 3 or (b) commercial contracts entered into in the ordinary course of business and on an arms' length basis.

Section 3.20 Customers and Vendors.

(a) Schedule 3.20(a) sets forth, in each case for the twelve months ended March 31, 2017, (i) a list of (x) the twenty (20) largest customers of the Group Companies' Inmate Telecom Solutions business, measured by revenue, (y) the twenty (20) largest customers of the Group Companies' JPay business, measured by revenue and (z) the three (3) largest customers of Group Companies' STOP business, measured by revenue (collectively, the "Material Customers") and (ii) a list of the twenty (20) largest vendors to the Group Companies, measured by aggregate spend (the "Material Vendors").

(b) Except as set forth on Schedule 3.20(b), no Group Company has received any notice that any Material Customer or Material Vendor (A) plans to terminate its relationship with or materially decrease the amount of business done with any Group Company or (B) intends not to renew or extend on substantially similar terms, any material contract with such Material

Customer or Material Vendor, (ii) any Material Customer has requested a material decrease in the prices paid to any Group Company or (iii) any Material Vendor has requested a material increase in the prices charged to any Group Company; provided that the fact that any particular agreement, contract or commitment with any Material Customer or Material Vendor is scheduled to be bid or rebid in the ordinary course of business shall not, in and of itself, constitute notice of any of the foregoing matters.

(c) The Group Companies are in compliance, in all material respects, with the terms and conditions of the agreements with all Material Customers and all Material Vendors, including, in the case of Material Vendors, any minimum commitments, "take or pay" requirements or volume provisions.

Section 3.21 Government Contracts and Government Contract Bids.

(a) Each Group Company is and, since December 31, 2014, has been in compliance, in all material respects, with the Federal Acquisition Regulation ("FAR") clauses, and clauses from agency supplements to the FAR, incorporated in each Government Contract or Government Contract Bid and all Laws applicable to each Government Contract or Government Contract Bid.

(b) Since December 31, 2014, (i) no Governmental Entity or other Person has notified any Group Company of any actual or alleged material violation or material breach of any representation, certification, disclosure obligation, contract term or Law with respect to award, performance or closeout of a Government Contract that would reasonably be expected to result in a claim under United States civil or criminal False Claims Act of 1863 (the "False Claims Act"), (ii) no Group Company has received any notice of any pending or, to the Company's knowledge, threatened investigation, prosecution or administrative proceeding related to any Government Contract or Government Contract Bid, (iii) no Group Company has received a written cure notice that remains unresolved or a current stop work order relating to any Government Contract and (iv) no Government Contract has been terminated for default or cause and, to the Company's knowledge, no Group Company has been threatened with termination for default or cause with respect to any Government Contract.

(c) Other than bid protests in the ordinary course of business, no Group Company is a party to any material outstanding claims or contract disputes relating to the Government Contracts or Government Contract Bids under the Contract Disputes Act or any other Law. No Group Company is, or since December 31, 2014 has been, in material breach or default of any Government Contract, and no event has occurred since December 31, 2014 which, with the giving of notice or the lapse of time or both, would constitute such a material breach or default by any applicable Group Company. The execution, delivery and performance of this Agreement will not result in a material violation, breach or default under any Government Contract.

(d) No Group Company nor any of their Principals has been debarred, suspended, or proposed for suspension or debarment, or determined by a Governmental Entity to be non-responsible or otherwise excluded from participation in the award of any Government Contract. No circumstances exist that would reasonably warrant the institution of suspension or debarment proceedings against any Group Company or any of their Principals in connection with the performance of any Government Contract or Government Contract Bid.

(e) In connection with the award, performance or closeout of any Government Contract or Government Contract Bid, no Group Company has made any disclosure in writing to any Governmental Entity or other customer or prime contractor or higher-tier subcontractor with respect to any suspected or alleged violation by the Group Companies, or any of their Principals of (i) any Federal criminal Law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or (ii) the False Claims Act.

(f) In connection with any Government Contract or Government Contract Bid, no Group Company has conducted or initiated any internal investigation with respect to any suspicion or allegation that any Group Company, or any of their Principals (i) violated Federal criminal Law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; (ii) violated the civil False Claims Act or (iii) received a significant overpayment on a Government Contract (other than overpayments resulting from contract financing payment as defined in FAR 32.001).

(g) Since December 31, 2014, no Group Company has assigned or otherwise conveyed or transferred to any Person, (i) any Government Contracts; or (ii) any account receivable relating to a Government Contract.

(h) Schedule 3.21(h) lists all current Government Contract Bids that represent either directly or through reliance on any current System for Award Management registration that the Group Companies hold a preferred socioeconomic status (such as, but not limited to, a small business, a small disadvantaged business, a woman-owned business, a veteran-owned business, a service disabled veteran-owned business, a HUBzone business, and/or a minority-owned business).

(i) No Group Company (i) is in material violation, breach or default of or under a Government Contract or Government Contract Bid or (ii) has any liability under the False Claims Act, in each case based on or arising out of any mistake, error, omission, misstatement or other claim that any representation or certification (including as to the holding of a preferred socioeconomic status, including small business status) in connection with a Government Contract or Government Contract Bid entered into or made after December 31, 2014 was not accurate as of its effective date.

Section 3.22 Inventory. The inventory of the Group Companies consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by a Group Company free and clear of all Liens other than Permitted Liens, and no such inventory is held on a consignment basis. The quantities of each item of inventory are not excessive, but are reasonable in the present circumstances of the Group Companies.

Section 3.23 Accounts Receivable. The accounts receivable of the Group Companies (i) have arisen from bona fide transactions involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice and (ii) to the knowledge of the Company, are not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice.

Section 3.24 Bonds, Guaranties and Letters of Credit. Schedule 3.24 sets forth a complete and accurate list as of the date hereof of all bonds, guarantees and letters of credit or other credit arrangements, including surety and performance bonds and similar arrangements provided by Seller or any of its Affiliates, including any Group Company, with respect to or in support of any liability or obligation of the business of the Group Companies, or that would be required to be issued under any proposals, bids or other commitments outstanding as of the date hereof in respect thereof. All such bonds, guarantees and letters of credit are in full force and effect and have been fully funded to the extent so required in accordance with their terms, and no amounts are due and owing to any third party issuer, payee or beneficiary thereof with respect thereto.

Section 3.25 Bank Accounts. Seller has made available to Buyer, a complete and accurate list of the date set forth thereon of each bank, trust, company, savings and loan association or other financial institution at which any Group Company maintains an account, credit line or safety deposit box and the names of all Persons authorized to draw thereon or having access thereto.

Section 3.26 EXCLUSIVITY OF REPRESENTATIONS AND WARRANTIES. NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO BUYER OR ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION (INCLUDING ANY FINANCIAL PROJECTIONS OR OTHER SUPPLEMENTAL DATA), EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS ARTICLE 3 AND ANY CERTIFICATE OR OTHER INSTRUMENT DELIVERED BY THE COMPANY PURSUANT TO THIS AGREEMENT, THE COMPANY EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE SHARES OR BUSINESSES OR ASSETS OF ANY OF THE GROUP COMPANIES, AND THE COMPANY SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO SUCH ASSETS, ANY PART THEREOF, THE WORKMANSHIP THEREOF, AND THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, IT BEING UNDERSTOOD THAT SUCH ASSETS ARE BEING ACQUIRED "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR PRESENT CONDITION, AND BUYER SHALL RELY ON ITS OWN EXAMINATION AND INVESTIGATION THEREOF AS WELL AS THE REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES AND SELLER SET FORTH IN THIS ARTICLE 3 AND ARTICLE 4 AND ANY CERTIFICATE OR OTHER INSTRUMENT DELIVERED BY THEM PURSUANT HERETO.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES CONCERNING SELLER

Seller hereby represents and warrants to Buyer as follows:

Section 4.1 **Organization**. Seller is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to carry on its businesses as now being conducted, except where the failure to have such power or authority would not prevent or materially delay the consummation of the transactions contemplated hereby.

Section 4.2 **Authority**. Seller has the requisite limited liability company power and authority to execute and deliver this Agreement and will have the requisite limited liability company power and authority to execute and deliver each of the Ancillary Documents and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement (and the Ancillary Documents to which Seller is a party) and the consummation of the transactions contemplated hereby and thereby have been (or at the Closing will be) duly authorized by all necessary limited liability company action on the part of Seller. This Agreement has been (and the execution and delivery of each of the Ancillary Documents to which Seller is a party will be) duly executed and delivered by Seller and constitute (or will at the Closing constitute) a valid, legal and binding agreement of Seller (assuming that this Agreement has been (and the Ancillary Documents to which Seller is a party will be) duly and validly authorized, executed and delivered by Buyer), enforceable against Seller in accordance with their terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the enforcement of creditors' rights generally and (ii) that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

Section 4.3 **Consents and Approvals; No Violations**. Except as set forth on Schedule 4.3, assuming the truth and accuracy of the representations and warranties of Buyer set forth in Section 5.3, no notices to, filings with, or authorizations, consents or approvals of any Governmental Entity are necessary for the execution, delivery or performance by Seller of this Agreement or the Ancillary Documents to which Seller is a party or the consummation by Seller of the transactions contemplated hereby or thereby, except for (i) compliance with and filings under the HSR Act, (ii) those the failure of which to obtain or make would not reasonably be expected to result in any material fine, penalty or liability, and (iii) those that may be required solely by reason of Buyer's (as opposed to any other third party's) participation in the transactions contemplated hereby. Neither the execution, delivery or performance by Seller of this Agreement or the Ancillary Documents to which Seller is a party nor the consummation by Seller of the transactions contemplated hereby or thereby will (a) conflict with or result in any breach of any provision of Seller's Governing Documents, (b) except as set forth on Schedule 4.3, result in a material violation or material breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a material default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any material agreement to which Seller is a party or (c) violate, in any material respect, any applicable Law.

Section 4.4 <u>Title to the Shares</u>. Seller owns of record and beneficially all of the Shares, and Seller has good and marketable title to the Shares, free and clear of all Liens.

Section 4.5 <u>Litigation</u>. There is no Action pending or, to Seller's actual knowledge, threatened in writing against Seller before any Governmental Entity which would have an adverse effect on Seller's ownership of, or right to sell, the Shares, or otherwise prevent or delay the Closing or otherwise prevent Seller from complying with the terms and provisions of this Agreement. Seller is not subject to any outstanding order, writ, injunction or decree that would have an adverse effect on Seller's ownership of the Shares, or right to sell, the Shares, or otherwise prevent or delay the Closing.

Section 4.6 <u>Brokers</u>. No broker, finder, financial advisor or investment banker, other than Deutsche Bank Securities Inc. and BNP Paribas Securities Corp. (whose fees shall be included in the Seller Expenses), is entitled to any broker's, finder's, financial advisor's, investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller.

Section 4.7 <u>EXCLUSIVITY OF REPRESENTATIONS AND WARRANTIES</u>. NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO BUYER OR ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION (INCLUDING ANY FINANCIAL PROJECTIONS OR OTHER SUPPLEMENTAL DATA), EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN <u>ARTICLE 3</u> AND THIS <u>ARTICLE 4</u> AND ANY CERTIFICATE OR OTHER INSTRUMENT DELIVERED BY SELLER PURSUANT TO THIS AGREEMENT, SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE SHARES OR BUSINESSES OR ASSETS OF ANY OF THE GROUP COMPANIES, AND SELLER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO SUCH ASSETS, ANY PART THEREOF, THE WORKMANSHIP THEREOF, AND THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, IT BEING UNDERSTOOD THAT SUCH ASSETS ARE BEING ACQUIRED "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR PRESENT CONDITION, AND BUYER SHALL RELY ON ITS OWN EXAMINATION AND INVESTIGATION THEREOF AS WELL AS THE REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES AND SELLER SET FORTH IN <u>ARTICLE 3</u> AND THIS <u>ARTICLE 4</u> AND ANY CERTIFICATE OR OTHER INSTRUMENT DELIVERED BY THEM PURSUANT HERETO.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES CONCERNING BUYER

Buyer hereby represents and warrants to Seller and the Company as follows:

Section 5.1 **Organization**. Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to carry on its businesses as now being conducted, except where the failure to have such power or authority would not prevent or materially delay the consummation of the transactions contemplated hereby.

Section 5.2 **Authority**. Buyer has the requisite corporate power and authority to execute and deliver this Agreement and will have the requisite corporate power and authority to execute and deliver the Ancillary Documents to which Buyer is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement (and the Ancillary Documents to which Buyer is a party) and the consummation of the transactions contemplated hereby and thereby have been (or will at the Closing be) authorized by all necessary corporate action on the part of Buyer and no other proceeding (including by its direct or indirect equityholders) on the part of Buyer is necessary to authorize this Agreement and the Ancillary Documents to which Buyer is a party or to consummate the transactions contemplated hereby. No vote of Buyer's direct or indirect equityholders is required to approve this Agreement or for Buyer to consummate the transactions contemplated hereby or thereby. This Agreement has been (and the Ancillary Documents to which Buyer is a party will be) duly and validly executed and delivered by Buyer and constitute (or will at the Closing constitute) a valid, legal and binding agreement of Buyer (assuming this Agreement has been and the Ancillary Documents to which Buyer is a party will be duly authorized, executed and delivered by Seller and the Company), enforceable against Buyer in accordance with their terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the enforcement of creditors' rights generally and (ii) that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

Section 5.3 **Consents and Approvals; No Violations**. Assuming the truth and accuracy of the representations and warranties contained in Section 3.5 (and the accuracy of the list of Permits held by the Group Companies provided to Buyer) and Section 4.3, no material notices to, filings with, or authorizations, consents or approvals of any Governmental Entity are necessary for the execution, delivery or performance of this Agreement or the Ancillary Documents to which Buyer is a party or the consummation by Buyer of the transactions contemplated hereby, except for (i) compliance with and filings under the HSR Act and (ii) those set forth on Schedule 5.3. Neither the execution, delivery and performance by Buyer of this Agreement and the Ancillary Documents to which Buyer is a party nor the consummation by Buyer of the transactions contemplated hereby or thereby will (a) conflict with or result in any breach of any provision of Buyer's Governing Documents, (b) except as set forth on Schedule 5.3, result in a material violation or material breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a material default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any material note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Buyer is a party or by which any of them or any of their respective properties or assets may be bound, or (c) violate, in any material respect, any applicable Law.

Section 5.4 Brokers. No broker, finder, financial advisor or investment banker is entitled to any brokerage, finder's, financial advisor's or investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of Buyer or any of its respective Affiliates for which Seller or any Group Company may become liable.

Section 5.5 Financing; Guarantee.

(a) Concurrently with the execution hereof, Buyer has delivered to the Company a complete and correct copy of the executed equity commitment letter (the "Equity Commitment Letter") from Platinum Equity Capital Partners IV, L.P., a Delaware limited partnership ("Sponsor") pursuant to which, and subject to the terms and conditions of which, Sponsor has agreed to provide equity financing (the "Equity Financing") to Buyer in connection with the transactions contemplated by this Agreement. Buyer has also delivered to the Company a complete and correct copy of the executed debt commitment letters and related term sheets (the "Debt Financing Commitments," as each may be amended or replaced from time to time to the extent permitted by Section 6.10(a) and, together with the Equity Commitment Letters, the "Financing Commitments") from the lenders named therein pursuant to which, and subject to the terms and conditions of which, the Debt Financing Sources have committed to provide loans in the amounts described therein, the proceeds of which shall be used to consummate the transactions contemplated hereby to be consummated by Buyer (the "Debt Financing", and, together with the Equity Financing pursuant to the Equity Commitment Letter, the "Financing").

(b) Each of the Financing Commitments is a legal, valid and binding obligation of Buyer (except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws relating to the enforcement or creditors' rights generally or by general principles of equity), and to the knowledge of Buyer, the other parties thereto. Each of the Financing Commitments is in full force and effect, and none of the Financing Commitments has been withdrawn, rescinded or terminated or otherwise amended or modified in any respect, and no such amendment or modification is contemplated. Buyer is not in breach of any of the terms or conditions set forth in any of the Financing Commitments, and as of the date hereof no event has occurred which, with or without notice, lapse of time or both, would reasonably be expected to constitute a breach, default or failure to satisfy any condition precedent set forth therein, in each case, on the part of Buyer. Neither Sponsor nor any Debt Financing Source has notified Buyer of its intention to terminate any of the Financing Commitments or not to provide the Financing. The net proceeds from the Financing will be sufficient to consummate the transactions contemplated by this Agreement, including the payment of any fees and expenses of or payable by Buyer or the Group Companies, and any related repayment of any Indebtedness of the Company or any of its Subsidiaries, and any other amounts required to be paid in connection with the consummation of the transactions contemplated by this Agreement. Buyer has paid in full any and all commitment or other fees required by the Financing Commitments that are due as of the date hereof. Except for fee letters with respect to fees and related arrangements with respect to the Financing

Commitments (which have been provided to the Company in customarily redacted form), there are no side letters, understandings or other agreements or arrangements relating to the Financing to which Buyer or any of its Affiliates are a party. There are no conditions precedent or other contingencies related to the funding of the full amount of the Debt Financing or Equity Financing other than as expressly set forth in this Agreement or the Financing Commitments or the payment of fees payable pursuant to the fee letters with respect to the Debt Financing Commitments.

(c) Subject to Seller's and the Company's compliance with this Agreement and the satisfaction (or waiver) of the conditions set forth in Section 7.1 and Section 7.2 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), Buyer has no reason to believe that it will be unable to satisfy on a timely basis any conditions to the funding of the full amount of the Financing, or that the Financing will not be available on the Closing Date. For the avoidance of doubt, it is not a condition to Closing under this Agreement for Buyer to obtain the Financing or any Alternative Debt Financing.

(d) The Guarantee is a legal, valid and binding obligation of the Guarantor and enforceable (except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws relating to the enforcement or creditors' rights generally or by general principles of equity) against the Guarantor in accordance with its terms, and no event has occurred which, with or without notice, lapse of time or both, would constitute a default on the part of the Guarantor under the Guarantee.

Section 5.6 **Solvency**. Assuming the accuracy of the representations and warranties set forth in Article 3 and Article 4, immediately after giving effect to the transactions contemplated by this Agreement, none of Buyer or the Group Companies will (a) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the fair salable value of its assets is less than the amount required to pay its probable liability on its existing debts as they mature), (b) have unreasonably small capital with which to engage in its business, or (c) have incurred debts beyond its ability to pay as they become due.

Section 5.7 **Investigation; No Other Representations**.

(a) Buyer (i) has conducted its own independent review and analysis of, and, based thereon, has formed an independent judgment concerning, the business, assets, condition, operations and prospects of the Group Companies, and (ii) has been furnished with or given full access to such documents and information about the Group Companies and their respective businesses and operations as it and its representatives and advisors have deemed necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby. Buyer has received all materials relating to the business of the Group Companies that it has requested and has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of any such information or of any representation or warranty made by the Company or Seller herein or to otherwise evaluate the merits of the transactions contemplated hereby. Seller and the Company have answered to Buyer's satisfaction all inquiries that Buyer and its representatives and advisors have made concerning the business of the Group Companies or otherwise relating to the transactions contemplated hereby.

(b) In entering into this Agreement, Buyer has relied solely upon its own investigation and analysis and the representations and warranties of the Group Companies and Seller expressly contained in Article 3 and Article 4, respectively, and Buyer acknowledges and agrees that, other than as set forth in Article 3 and Article 4 and in the certificates or other instruments delivered pursuant hereto, none of Seller, the Group Companies, any of their respective directors, officers, employees, Affiliates, stockholders, agents or representatives, or any other Person makes or has made any representation or warranty, either express or implied, (x) as to the condition, value or quality of the Shares or businesses or assets of any of the Group Companies, (y) as to the accuracy or completeness of any of the information provided or made available to Buyer or any of its respective agents, representatives, lenders or Affiliates prior to the execution of this Agreement or (z) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof) of any Group Company heretofore or hereafter delivered to or made available to Buyer or any of its respective agents, representatives, lenders or Affiliates. Without limiting the generality of the foregoing, Buyer acknowledges and agrees that (i) none of Seller, the Group Companies, any of their respective directors, officers, employees, Affiliates, stockholders, agents or representatives, or any other Person has made, or shall be deemed to have made, any representations or warranties in the materials relating to the business, assets or liabilities of the Group Companies made available to Buyer, including due diligence materials, memorandum or similar materials, or in any presentation of the business of the Group Companies by management of the Group Companies or others in connection with the transactions contemplated hereby, and (ii) no statement contained in any such materials or made in any such presentation shall be deemed a representation or warranty hereunder or otherwise or deemed to be relied upon by Buyer in executing, delivering and performing this Agreement and the transactions contemplated hereby. It is understood that any cost estimates, projections or other predictions, any data, any financial information or any memoranda or offering materials or presentations, including any offering memorandum or similar materials made available to Buyer and its representatives and advisors (1) are not and shall not be deemed to be or to include, representations or warranties of Seller, the Group Companies, any of their respective directors, officers, employees, Affiliates, stockholders, agents or representatives, or any other Person, and (2) are not and shall not be deemed to be relied upon by Buyer in executing, delivering and performing this Agreement and the transactions contemplated hereby.

ARTICLE 6
COVENANTS

Section 6.1 **Conduct of Business**. From immediately prior to the Adjustment Time through the Closing, the Company shall not pay any cash dividend, distribution or other payment to Seller or any Affiliate of Seller other than payments to employees in the ordinary course of business consistent with past practices or any payments required or permitted to be made under the terms of this Agreement. Except as contemplated by this Agreement or in order to effect the transactions contemplated hereby, from and after the date hereof until the earlier of the Closing or the termination of this Agreement in accordance with its terms, the Company shall, and shall cause each other Group Company to, except as set forth on Schedule 6.1 or as consented to in writing by Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), (a) conduct its business in the ordinary and regular course in substantially the same manner heretofore conducted and (b) not do any of the following:

(i) declare or pay a non-cash dividend on, or make any other non-cash distribution in respect of, its equity securities, except dividends and distributions by any of the Company's Subsidiaries to the Company or another Group Company;

(ii) acquire or agree to acquire in any manner (whether by merger or consolidation, the purchase of an equity interest in or a material portion of the assets of or otherwise) any business or any corporation, partnership, association or other business organization or division thereof of any other Person other than the acquisition of assets in the ordinary course of business;

(iii) adopt any amendments to their respective Governing Documents;

(iv) sell, lease, license, assign, dispose, or otherwise transfer any material assets outside of the ordinary course of business;

(v) issue, sell, pledge, dispose of, encumber or deliver to any Person other than any Group Company (a) any capital stock of any Group Company or (b) any options, warrants, rights of conversion or other rights, agreements, arrangements or commitments obligating any Group Company to issue, sell, pledge, dispose of, encumber or deliver any capital stock of any Group Company;

(vi) defer, delay or fail to make any capital expenditure that would otherwise have been made in the ordinary course of business consistent with past practice (including, for the avoidance of doubt, with respect to or in support of any new contract or contract extension awarded to any Group Company);

(vii) except in the ordinary course of business, incur, create, assume or otherwise become liable for any Indebtedness for borrowed money in excess of $500,000 in the aggregate other than any borrowings under the Credit Facilities;

(viii) amend, cancel, waive or modify any rights of a material value under any Material Contract or agreement that would constitute a Material Contract if entered into prior to the date hereof, except for amendments, waivers, modifications or extensions in the ordinary course of business consistent with past practices or as otherwise permitted by this Section 6.1, (ii) enter into any agreement that would, if entered into prior to the date hereof, constitute a Material Contract;

(ix) forgive, compromise any amounts owned to any Group Company or waive any obligation or performance (past, present or future) in favor of any Group Company, including under any Material Contract, or other right or claim, other than in the ordinary course of business consistent with past practice and having a value less than $500,000, individually or in the aggregate;

(x) make any change in any method of accounting or accounting policy, or policy or procedure of any Group Company relating to internal controls, cash management, accounts receivable collection, or accounts payable practices, except as required by GAAP;

(xi) make an election or take any action to change the status of any Group Company (as a corporation, partnership or disregarded entity) for federal, state or local income Tax purposes, or make or change any Tax election, change any annual Tax accounting period, adopt or change any method of Tax accounting, amend any Tax Returns or file claims for Tax refunds, enter into any closing agreement, settle any Tax claim, audit or assessment, or surrender any right to claim a Tax refund, offset or other reduction in Tax liability, in each case except in the ordinary course of business consistent with past practice, as required by Applicable Law or if such action would not reasonably be expected to be material to the Group Companies;

(xii) hire or terminate any employee with annual cash compensation in excess of $200,000 (other than for cause) or increase the annual cash compensation payable or to become payable to any Employee except, in either case, (a) in accordance with the existing terms of contracts entered into prior to the date of this Agreement, (b) as required by Law, (c) annual increases in annual cash compensation to be announced in May 2017 or quarterly bonuses, in each case in the ordinary course of business consistent with past practices (provided that the aggregate amount of such increases in compensation and bonuses does not exceed three percent (3%) on a year-over-year basis), or as otherwise required by Benefit Plans previously made available to Buyer or (c) compensation that will constitute Seller Expenses;

(xiii) enter into, terminate, adopt, amend or change any collective bargaining, employment, compensation, deferred compensation, consulting, collective bargaining, change in control, or severance agreement or similar agreement or any other Benefit Plan, except (a) for routine changes in health and welfare plans that are not material and are in the ordinary course of business and consistent with past practice or (b) as required by a Benefit Plan as in effect on the date hereof or by applicable Law;

(xiv) take any action to accelerate the vesting or payment of any compensation or benefit under any Benefit Plan except to the extent such amounts due and payable because of any such accelerated vesting or payment are treated as Seller Expenses;

(xv) announce, implement or effect any material reduction in labor force, lay-off, early retirement program, severance program or other program or effort concerning the termination of employment of employees of the Group Company other than routine employee terminations;

(xvi) mortgage, pledge, create, incur, assume or suffer to exist any Lien, other than Permitted Liens, on any of any Group Company's material assets;

(xvii) assume, guarantee, endorse or otherwise become liable or responsible for the obligations of any other Person (other than endorsements of checks in the ordinary course and consistent with past practices) or make any loans, advances or capital contributions to, or investments in, any Person other than (A) loans to or investments in the Company or (B) employee loans or advances in the ordinary course of business, consistent with past practice;

(xviii) revalue, write-off or write-down any assets of any Group Company other than (x) in the ordinary course of business consistent with past practices or (y) as required by GAAP;

(xix) abandon, permit to lapse, instruct or consent to a future lapse or fail to take any commercially reasonable action that is reasonably necessary to maintain, enforce or protect, or create or incur any Lien (other than a Permitted Lien) on, any material Group Company Intellectual Property owned by any Group Company;

(xx) liquidate, dissolve, recapitalize, reorganize or otherwise wind up its business or operations, or fail to maintain its existence;

(xxi) settle or terminate any investigation, audit or proceeding with an amount in controversy in excess of $1,000,000, individually or in the aggregate;

(xxii) take any action, or fail to take any action, to the extent such action or failure to act would constitute a material violation of any obligation under the JPay SPA;

(xxiii) enter into any agreement to take, or cause to be taken, any of the actions set forth in this Section 6.1.

Section 6.2 Access to Information. From and after the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, upon reasonable notice, and subject to restrictions contained in the confidentiality agreements to which the Group Companies are subject, the Company shall provide to Buyer and its representatives during normal business hours on reasonable notice reasonable access to the facilities, properties, senior management and books and records of the Group Companies, including access to all regularly prepared internal financial statements and management reports that are available to the board of directors of the Company in the ordinary course of business (in a manner so as to not interfere with the normal business operations of any Group Company). All of the information obtained by Buyer and its authorized representatives through such access shall be treated as "Confidential Information" to the extent provided in the Confidentiality Agreement, the provisions of which are by this reference hereby incorporated herein. Notwithstanding anything to the contrary set forth in this Agreement, during the period from the date hereof until the Closing, neither the Company nor any of its Affiliates (including the other Group Companies) shall be required to disclose to Buyer or any of its representatives any: (a) information: (i) if doing so would violate any contract, fiduciary duty or Law to which Seller or any of its Affiliates (including the Group Companies) is a party or is subject; (ii) if it reasonably determined upon the advice of counsel that doing so could result in the loss of the ability to successfully assert attorney-client and work product privileges; (iii) if the Company or any of its

Affiliates, on the one hand, and Buyer or any of its Affiliates, on the other hand, are adverse parties in a litigation and such information is reasonably pertinent thereto; or (iv) if the Company reasonably determines that such information should not be disclosed due to its competitively sensitive nature, provided, however, that, if any material information is withheld pursuant to this clause (a), Seller and the Company will work together with Buyer in good faith to provide Buyer with access to such information as may be material to Buyer (e.g., by obtaining any required third party consent, entering into a common interest or joint defense agreement, providing such information on an attorneys' eyes only basis or providing summaries of the relevant portions of such information); provided, further, that the foregoing proviso shall not be taken into account in determining whether the condition set forth in Section 7.2(b) has been satisfied; or (b) any information relating to Taxes or Tax Returns other than information relating to the Group Companies. Buyer agrees that it shall be bound by the Confidentiality Agreement to the same extent as Platinum Equity Advisors, LLC.

Section 6.3 Efforts to Consummate.

(a) Subject to the terms and conditions herein provided, each of Seller, Buyer and the Company shall use reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the closing conditions set forth in Article 7). Each of Seller, Buyer and the Company shall use reasonable best efforts to make filings or notifications with, and obtain consents of all Governmental Entities necessary to consummate the transactions contemplated by this Agreement, including (x) by providing, within fifteen (15) days of the applicable request, all financial information, finger prints and other required information for all "control persons", and for all officers and directors and other Persons (including any co-investors, members, shareholders and partners owning more than ten percent (10%), directly or indirectly, of Buyer's equity securities) as may be required by the relevant Governmental Entities to obtain the consents or approvals of the Governmental Entities set forth on Schedule 6.3, and (y) by completing and filing, prior to the close of business on May 15, 2017, the applications required to be filed in the Money Transmitter Filing States, which shall include the submission of any required personal vetting information substantially in the form attached as Exhibit C hereto with such modification as may be necessary to comply with the requirements of any particular state for all relevant persons identified in the preceding clause (x) (the obligations described in the preceding clauses (x) and (y) being referred to herein as the "Money Transmitter Obligation"). For the avoidance of doubt, with respect to the obligations of a party to provide any information or make any filings in connection with the Money Transmitter Obligation, (i) Seller and the Company shall be responsible for providing such information and making such filings with respect to its "control persons", and for all officers and directors and other Persons related to Seller or any Group Company (including any co-investors, members, shareholders and partners owning more than ten percent (10%), directly or indirectly, of Seller's equity securities) and (ii) Buyer shall be responsible for providing such information and making such filings with respect to its "control persons", and for all officers and directors and other Persons related to Buyer (including any co-investors, members, shareholders and partners owning more than ten percent (10%), directly or indirectly, of Buyer's equity securities), but not any such person who is currently related to Seller or any Group Company and will become related to Buyer only as of the Closing. All costs incurred in connection with obtaining such consents, including the HSR Act filing fee, shall be borne by Buyer. Each Party (i) shall make an appropriate filing pursuant to the HSR Act with respect to the transactions contemplated by this Agreement promptly (and in any event, within ten (10) Business Days) after the date of this Agreement and (ii) shall supply as promptly as practicable to the appropriate Governmental Entities any additional information and documentary material that may be requested pursuant to the HSR Act. Each Party shall promptly inform the other Parties of any communication between such Party and any Governmental Entity regarding any of the transactions contemplated by this Agreement.

(b) Without limiting the foregoing, (x) the Company, Seller, Buyer and their respective Affiliates shall not extend any waiting period, review period or comparable period under the HSR Act or enter into any agreement with any Governmental Entity not to consummate the transactions contemplated hereby, except with the prior written consent of the other Parties, and (y) Buyer agrees to take all actions that are necessary or advisable or as may be required by any Governmental Entity to expeditiously (and in any event, prior to the Outside Date) consummate the transactions contemplated by this Agreement, including (A) selling, licensing or otherwise disposing of, or holding separate and agreeing to sell, license or otherwise dispose of, any entities, assets or facilities of any Group Company after the Closing or any entity, facility or asset of Buyer or its Affiliates, (B) terminating, amending or assigning existing relationships and contractual rights and obligations (other than terminations that would result in a breach of a contractual obligation to a third party) and (C) amending, assigning or terminating existing licenses or other agreements (other than terminations that would result in a breach of a license or such other agreement with a third party) and entering into such new licenses or other agreements.

(c) In the event any claim, action, suit, investigation or other proceeding by any Governmental Entity or other Person is commenced which questions the validity or legality of the transactions contemplated hereby or seeks damages in connection therewith, the Parties agree to cooperate and use reasonable best efforts to defend against such claim, action, suit, investigation or other proceeding and, if an injunction or other order is issued in any such action, suit or other proceeding, to use commercially reasonable efforts to have such injunction or other order lifted, and to cooperate reasonably regarding any other impediment to the consummation of the transactions contemplated hereby prior to the Outside Date.

(d) In the event that a Governmental Entity issues a request for additional information or documentary material pursuant to the HSR Act (the "Second Request") in connection with the transactions contemplated by this Agreement, then each of Seller, Buyer and the Company shall make (or cause to be made), as soon as reasonably practicable and after consultation with the other, an appropriate response in compliance with the Second Request in order to obtain expiration or termination of the applicable waiting period before the Outside Date.

(e) Buyer shall not, and shall cause its Affiliates and their respective ultimate parent entities and Subsidiaries not to, acquire or agree to acquire, by merging with or into or consolidating with, or by purchasing a portion of the assets of or equity in, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets or equity interests, if the entering into of a definitive agreement relating to, or the consummation of, such acquisition, merger or consolidation would reasonably be expected to: (i) impose any delay in the obtaining of, or increase the risk of not obtaining, any consents of any Governmental Entity necessary to consummate the transactions contemplated by this Agreement or the expiration or termination of any applicable waiting period; (ii) increase the risk of any Governmental Entity seeking or entering an order prohibiting the consummation of the transactions contemplated by this Agreement; (iii) increase the risk of not being able to remove any such order on appeal or otherwise; or (iv) delay or prevent the consummation of the transactions contemplated by this Agreement.

Section 6.4 Public Announcements. Seller, the Company and Buyer shall treat and hold as confidential all of the financial terms and conditions of the transactions contemplated by this Agreement, including the Purchase Price and the Enterprise Value. No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement prior to the Closing without the prior written approval of Seller, the Chief Executive Officer of the Company and Buyer; provided, however, that any Party may make any public disclosure it believes in good faith, based on advice of counsel, is necessary or advisable in connection any applicable Law, including disclosures required in connection with the Money Transmitter Obligations, HSR Act filings, and filings under Telecommunications Laws (in which case the disclosing Party will use its best efforts to advise the other Parties prior to making the disclosure). Buyer, on the one hand, and the Company and Seller, on the other hand, shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statement with respect to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, it being understood and agreed that each Party shall provide the other Parties with copies of any such announcement in advance of such issuance. Notwithstanding the foregoing, each Party may make internal announcements to their respective employees that are not inconsistent in any material respects with the Parties' prior public disclosures regarding the transactions contemplated by this Agreement; provided, however, that, prior to the Closing, Seller and Buyer will consult with each other concerning the means by which any employee, customer or supplier of any Group Company or any other Person having any business relationship with any Group Company will be informed of the transactions contemplated by this Agreement. Nothing herein shall prevent Seller or Buyer or any of their respective Affiliate which is a private equity or other investment fund from making customary disclosures (which are made subject to customary confidentiality obligations), including the key economic terms of the transactions contemplated by this Agreement and the return realized as a result thereof, to its current or prospective investors in connection with its normal fundraising and reporting activities.

Section 6.5 Employee Matters. For at least until December 31, 2017, Buyer shall provide each Employee of any Group Company who continues to be employed by a Group Company with salary or hourly wage rate and annual cash incentive compensation opportunity that is not less than as provided to such employee immediately prior to the Closing Date, and with benefits (excluding equity arrangements) that are at least as favorable in the aggregate as those provided by the Group Companies as of the Closing Date, and with severance benefits that are consistent with the Group Companies' past custom and practice. Buyer further agrees that, from and after the Closing Date, Buyer shall, and shall cause each Group Company to, grant all of its employees credit for any service with such Group Company earned prior to the Closing Date (i) for eligibility and vesting purposes and (ii) for purposes of vacation accrual and severance benefit determinations under any benefit or compensation plan, program, policy, agreement or arrangement that may be established or maintained by Buyer or a Group Company or any of their Affiliates on or after the Closing Date (the "New Plans"). In addition, Buyer shall use commercially reasonable efforts to (A) cause to be waived all pre-existing condition exclusions and actively-at-work requirements and similar limitations, eligibility waiting periods and evidence of insurability requirements under any New Plans to the extent waived or satisfied by an Employee or his or her dependents under any Benefit Plan as of the Closing Date and (B) cause any deductible, co-insurance and covered out-of-pocket expenses paid on or before the Closing Date by any Employee (or covered dependent thereof) of any Group Company to be taken into account for purposes of satisfying the corresponding deductible, co-insurance and maximum out-of-pocket provisions after the Closing Date under any applicable New Plan for the plan year in which the Closing occurs. Nothing contained herein, express or implied, is intended to (i) alter the "at will" nature of the employment of any Employee who is currently an "at-will" employee of any Group Company, (ii) confer upon any current Employee any right to continued employment for any period of time or any right to continued receipt of any specific employee benefit, or (iii) constitute an amendment to or any other modification of any New Plan or Benefit Plan. Buyer agrees that Buyer and the Group Companies (following the Closing) shall be solely responsible for satisfying the continuation coverage requirements of Section 4980B of the Code for all individuals who are "M&A qualified beneficiaries" as such term is defined in Treasury Regulation Section 54.4980B-9.

Section 6.6 Indemnification; Directors' and Officers' Insurance.

(a) Buyer agrees that all rights to indemnification or exculpation now existing in favor of the directors, officers, employees and agents of each Group Company, as provided in any Group Company's Governing Documents or otherwise in effect as of the date hereof with respect to any matters occurring prior to the Closing Date, shall survive the transactions contemplated by this Agreement and shall continue in full force and effect and that the Group Companies will perform and discharge the Group Companies' obligations to provide such indemnity and exculpation. To the maximum extent permitted by applicable Law, such indemnification shall be mandatory rather than permissive, and the Group Companies shall advance expenses in connection with such indemnification as provided in such Group Company's Governing Documents or other applicable agreements. The indemnification and liability limitation or exculpation provisions of the Group Companies' Governing Documents shall not be amended, repealed or otherwise modified after the Closing Date in any manner that would adversely affect the rights thereunder of individuals who, as of the Closing Date or at any time prior to the Closing Date, were directors, officers, employees or agents of any Group Company, unless such modification is required by applicable Law. Notwithstanding the foregoing, neither Buyer nor any Group Company shall be obligated to indemnify any director, officer, employee or agent of any Group Company (or advance expenses) in connection with any claim brought against any such Person by Seller or any Affiliate of Seller in connection with the transactions or with respect to the matters contemplated by this Agreement.

(b) Contemporaneously with the Closing, Buyer shall, or shall cause the Company to, purchase and maintain in effect, without any lapses in coverage, a "tail" policy providing directors' and officers' liability insurance coverage for the benefit of those Persons who are covered by any Group Company's directors' and officers' liability insurance policies as of the date hereof or at the Closing, for a period of six (6) years following the Closing Date with respect to matters occurring prior to the Closing that is at least equal to the coverage provided under the Group Companies' current directors' and officers' liability insurance policies; provided, however, that Buyer or the Company may substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous to the beneficiaries thereof so long as such substitution does not result in gaps or lapses in coverage with respect to matters occurring prior to the Closing Date.

(c) The directors, officers, employees and agents of each Group Company entitled to the indemnification, liability limitation, exculpation and insurance set forth in this Section 6.6 are intended to be third party beneficiaries of this Section 6.6. This Section 6.6 shall survive the consummation of the transactions contemplated by this Agreement and shall be binding on all successors and assigns of Buyer and the Group Companies.

(d) If Buyer, the Group Companies or any of their successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Buyer or the Group Companies shall assume the obligations set forth in this Section 6.6.

Section 6.7 Exclusive Dealing. During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, Seller shall not, nor shall it permit any Group Company or their respective officers, directors, employees, representatives, consultants, financial advisors, attorneys, accountants or other agents to, solicit, engage in discussions or negotiations with, or provide any information to or enter into any agreement with any Person (other than Buyer and/or its respective Affiliates) concerning any sale of any equity securities of any Group Company, any merger of any Group Company, sale of substantially all of the assets of any Group Company or similar transaction involving the Group Companies, other than assets sold in the ordinary course of business (each such acquisition transaction, an "Acquisition Transaction"); provided, however, that Buyer hereby acknowledges that prior to the date of this Agreement, Seller has provided information relating to the Group Companies and has afforded access to, and engaged in discussions with, other Persons in connection with a proposed Acquisition Transaction and that such information, access and discussions could reasonably enable another Person to form a basis for an Acquisition Transaction without any breach by the Company of this Section 6.7. Notwithstanding the foregoing, Seller shall respond to any unsolicited proposal regarding an Acquisition Transaction by indicating that Seller is subject to a binding sale agreement and is unable to provide any information related to the Group Companies or entertain any proposals or offers or engage in any negotiations or discussions concerning an Acquisition Transaction for as long as this Agreement remains in effect.

Section 6.8 Documents and Information.

(a) After the Closing Date, Buyer and the Group Companies shall, until the seventh (7^{th}) anniversary of the Closing Date, retain all books, records and other documents pertaining to the business of the Group Companies in existence on the Closing Date and make the same available for inspection and copying by Seller (at Seller's expense) during normal business hours of the Company or any of its Subsidiaries, as applicable, upon reasonable request and upon reasonable notice. No such books, records or documents shall be destroyed after the seventh (7^{th}) anniversary of the Closing Date by Buyer or the Group Companies, without first advising Seller in writing and giving Seller a reasonable opportunity to obtain possession thereof.

(b) If and to the extent that, as of the date hereof, the minute books, stock books or other corporate records of any Group Company are held by Seller or any of its Affiliates other than a Group Company, then Seller shall use its reasonable best efforts to deliver such minute books, stock books and other corporate records to Buyer or the Company on or prior to the Closing Date; provided that the foregoing shall not be taken into account for determining whether the condition set forth in Section 7.2(b) has been satisfied.

Section 6.9 Contact with Customers, Suppliers and Other Business Relations. During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, Buyer hereby agrees that it is not authorized to and shall not (and shall not permit any of its employees, agents, representatives or Affiliates to) contact any employee (excluding executive officers), customer, supplier, distributor or other material business relation of any Group Company regarding any Group Company, its business or the transactions contemplated by this Agreement without the prior consent of the Company, except as is reasonably necessary in furtherance of this Agreement.

Section 6.10 Financing.

(a) Subject to the terms and conditions of this Agreement, Buyer shall, and shall cause each of its Affiliates to, use its commercially reasonable efforts to obtain the Equity Financing and the Debt Financing on a timely basis on the terms and conditions described in the Equity Commitment Letter and the Debt Financing Commitments, including using its commercially reasonable efforts to, to the extent within its control, (i) comply with its obligations under the applicable Financing Commitments, (ii) maintain in effect the applicable Financing Commitments except to the extent additional or alternative financing would then be available to consummate the transactions contemplated by this Agreement on the Closing Date, (iii) negotiate and enter into definitive agreements with respect to the applicable Financing Commitments on a timely basis on terms and conditions (including the flex provisions) contained therein or otherwise not materially less favorable to Buyer in the aggregate than those contained in the applicable Financing Commitments, (iv) satisfy on a timely basis all conditions applicable to Buyer contained in the applicable Financing Commitments (or any definitive agreements related thereto) within their control, including the payment of any commitment, engagement or placement fees required as a condition to the Financing and (v) upon satisfaction of such conditions and the conditions set forth in Section 7.1 and Section 7.2 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), enforce all of its rights under the applicable Financing Commitments (or any definitive agreements related thereto (but shall not be required to commence enforcement action to cause any Person providing the Financing to fund such Financing)) and consummate the applicable Financing at or prior to the Closing Date, but in no event later than the Outside Date (it being understood that it is not a condition to Closing under this Agreement for Buyer to obtain the Financing or any Alternative Debt Financing). Upon request by Seller, Buyer shall keep Seller reasonably informed of the status of its efforts to arrange the Financing.

(b) Buyer shall give Seller prompt notice upon having knowledge of any breach by any party of any of the Financing Commitments to the extent it would prevent, impair or delay the Closing or result in insufficient financing to consummate the transactions contemplated this Agreement or any termination of any of the Financing Commitments. Other than as set forth in Section 6.10(c), Buyer shall not, without the prior written consent of Seller amend, modify, supplement or waive any of the conditions or contingencies to funding contained in the Financing Commitments (or any definitive agreements related thereto) or any other provision of, or remedies under, the Financing Commitments (or any definitive agreements related thereto), in each case, to the extent such amendment, modification, supplement or waiver would reasonably be expected to have the effect of (A) adversely affecting in any material respect the ability of Buyer to timely consummate the transactions contemplated by this Agreement, (B) amending, modifying, supplementing or waiving the conditions or contingencies to the Financing in a manner materially adverse to the Company or Seller or (C) delaying the Closing beyond the Outside Date. In the event all conditions applicable to the Financing Commitments have been satisfied and all of the conditions set forth in Section 7.1 and Section 7.2 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) have been satisfied (or waived), Buyer shall use its commercially reasonable efforts to cause the Debt Financing Sources and Sponsor to fund the Financing required to consummate the transactions contemplated by this Agreement (but shall not be required to commence enforcement action to cause any Person providing the Financing to fund such Financing).

(c) If all or any portion of the Debt Financing becomes unavailable, Buyer shall notify Seller of such event and the reasons giving rise to such event, as promptly as practicable following the occurrence of such event, and shall use its commercially reasonable efforts to (i) arrange to obtain, as promptly as practicable following the occurrence of such event (and in any event prior to the Outside Date), the Debt Financing or such portion of the Debt Financing from alternative sources, which may include one or more of a senior secured debt financing, an offering and sale of notes, or any other financing or offer and sale of other debt securities, or any combination thereof, in an amount sufficient, when added to any portion of the Financing that is and will be available, to pay in cash all amounts required to be paid by Buyer in connection with the transactions contemplated by this Agreement ("Alternative Debt Financing") and (ii) obtain a new financing commitment letter (together with its related term sheets, the "Alternative Debt Financing Commitments") and a new definitive agreement with respect thereto that provides for financing (A) containing conditions to draw, and other terms that would reasonably be expected to affect the availability thereof, that (1) are not more onerous, taken as a whole, than those conditions and terms contained in the applicable Debt Financing Commitments as of the date hereof and (2) would not reasonably be expected to delay the Closing and (B) in an amount that is sufficient, when added to any portion of the Financing that is and will be available, to pay in cash all amounts required to be paid by Buyer in connection with the transactions contemplated by this Agreement. In such event, the term "Debt Financing" as used in this Agreement shall be deemed to include any Alternative Debt Financing (and consequently the term "Financing" shall include the Equity Financing, any available portion of the Debt Financing and the Alternative Debt Financing), and the term "Debt Financing Commitments" as used in this Agreement shall be deemed to include any Alternative Debt Financing Commitments. In furtherance of and not in limitation of the foregoing, if all or any portion of the Debt Financing becomes unavailable, regardless of the reason therefor, but Alternative Debt Financing obtainable in accordance with this Section 6.10(c) is available on terms and conditions not materially less favorable, in the aggregate, to Buyer than the terms and conditions (including the flex provisions thereof) described in the Debt Financing Commitments as of the date hereof, then Buyer shall obtain such Alternative Debt Financing and use such Alternative Debt Financing to pay in cash all amounts required to be paid by Buyer in connection with the transactions contemplated by this Agreement in accordance with the terms hereof. Buyer shall promptly delivery to the Company complete and correct copies of the Alternative Debt Financing Commitments (in customarily redacted form) obtained pursuant to this Section 6.10(c). Without Seller's prior written consent, Buyer shall not directly or indirectly take any action that would or would be reasonably expected to result in the Financing not being available.

(d) Prior to the Closing, the Company shall, and shall cause each other Group Company to use commercially reasonable efforts to provide, and shall use its commercially reasonable efforts to cause its and their officers, directors, employees, accountants, consultants, legal counsel and agents to provide, at Buyer's sole expense, such commercially reasonable cooperation in connection with the arrangement of the Debt Financing by Buyer as may be reasonably requested by Buyer, including by using commercially reasonable efforts to (i) participate in upon reasonable advance notice and at reasonable times a reasonable number of meetings, conferences calls, lender due diligence presentations, sessions with rating agencies or other customary syndication and marketing efforts and activities, (ii) subject to the Confidentiality Agreement, furnish Buyer and the Debt Financing Sources on a reasonably timely basis with the financial information required by paragraph 3 of Annex IV to the Debt Financing Commitment and all financial and operating information regarding the Group Companies to be used in the preparation of any bank information memoranda and one or more information packages regarding the business, operations, financial projections and prospects of the Group Companies customary and reasonably necessary for the syndication of the Debt Financing, to the extent reasonably requested by Buyer, (iii) assist with the preparation, execution and delivery of any loan agreement, customary guarantees, pledge and security agreements, notes, a solvency certificate in the form attached to the Debt Financing Commitment, customary authorization letters with respect to the bank information memoranda and other definitive financing documents on terms satisfactory to Buyer as may be reasonably required by Buyer, provided that no obligation of the Group Companies under any such document or agreement shall be effective until the Closing, (iv) assist with the preparations for the provision of guarantees and the pledging of collateral and delivering original certificates with respect to all certificated securities (with transfer powers executed in blank) (it being understood that no such pledging of collateral will be effective until at or after the Closing), (v) provide documents reasonably requested by Buyer relating to the repayment of the Closing Indebtedness (if any) to be paid off at Closing and the release of related guarantees and Liens, (vi) provide all documentation and other information required by bank regulatory authorities under applicable Money Laundering Laws, including, without limitation, the PATRIOT Act, at least five (5) Business Days prior to the Closing, to the extent reasonably requested in writing by Buyer or the arrangers under the Debt Financing Commitment at least ten (10) Business Days prior to the Closing, and (vii) facilitate the taking of all corporate, limited liability company or similar actions reasonably requested by Buyer to permit the consummation of the Debt Financing; provided, that nothing in this Agreement (including this Section 6.10) will require any such cooperation to the extent that it would (A) unreasonably interfere with the ongoing business or operations of the Group Companies or (B) require the Group Companies to enter into or approve the Debt Financing or any definitive agreement for the Debt Financing that would be effective prior to the Closing or provide any solvency or other similar certificate of the chief financial officer or similar representative of any Group Company; provided, further, that (I) no personal liability shall be imposed on any of the employees of any Group Company involved in the foregoing cooperation and (II) the Group Companies will not be required to pay any commitment or other fees or expenses in connection with the Debt Financing prior to the Closing. Buyer will (x) reimburse the Group Companies on an as-incurred basis for any out-of-pocket expenses incurred or otherwise payable by the Group Companies in connection with their cooperation pursuant to this Section 6.10 (other than the Group Companies' obligation to deliver its regular annual and quarterly financial statements) and (y) indemnify and hold harmless the Group Companies and their Affiliates, and the directors, officers, employees, attorneys, successors and assigns of each of the foregoing Persons from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in complying with their obligations in connection with the arrangement of the Debt Financing (including actions taken in accordance with this Section 6.10) and any information (other than information furnished by or on behalf of the Group Companies) utilized in connection therewith. The Company hereby consents to the use of the logos of the Group Companies in connection with the Debt Financing; provided, that such logos shall be used solely in a manner that is not intended or reasonably likely to harm, disparage or otherwise adversely affect the Group Companies or their reputation or goodwill.

Section 6.11 Equity Rollover. As soon as reasonably practicable after the date hereof, the Parties shall in good faith negotiate and endeavor to enter into an amendment to this Agreement in order to provide for any management "rollover" transaction as may be agreed by Buyer and the Company's management, including as contemplated by that certain Term Sheet between certain members of the senior management team and Buyer's indirect parent dated as of the date of this Agreement; provided, however, that Seller shall have no obligation to negotiate or amend this Agreement if such amendments or proposed amendments would (a) result in a reduction in the Purchase Price in excess of the aggregate value agreed to be "rolled over" by the "rollover participants"; (b) impose any condition to the Closing in addition to the conditions set forth in Article 7, or (c) otherwise reasonably be expected to delay the Closing or adversely affect the rights of Seller hereunder.

Section 6.12 Section 280G of the Code. Prior to the Closing, the Company shall, with respect to any payments and/or benefits that are reasonably likely to, separately or in the aggregate, without regard to the measures described herein, constitute "parachute payments" within the meaning of Section 280G(b)(2) of the Code and the applicable rulings and final regulations thereunder ("Section 280G Payments"), use its commercially reasonable efforts to obtain a vote satisfying the requirements of Section 280G(b)(5) of the Code, including using its commercially reasonable efforts to obtain waivers, such that no portion of the Section 280G Payments will constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code.

Section 6.13 **JPay Earnout**. The Company shall cause Securus J Holdings to compute the JPay Earnout at such time and in such manner as is set forth in the JPay SPA. At such time as the JP Earnout has been finally determined in accordance with the JPay SPA, the Company shall provide written notice to Seller of the amount of the JPay Earnout that has become due and payable (the "JPay Determination Notice"). If and to the extent that the JPay Earnout exceeds the amount of the JPay Threshold (any such excess, the "JPay Overage Amount"), then (i) the Transaction Tax Benefit Amount shall be reduced by an amount equal to the JPay Overage Amount as provided in the definition of "Transaction Tax Benefit Amount" and (ii) if and solely to the extent the JPay Overage Amount exceeds $5,000,000, Seller shall, within ten (10) Business Days of receipt of the JPay Determination Notice, pay to Securus J Holdings the amount by which the JPay Overage Amount exceeds $5,000,000.

Section 6.14 **Transaction Tax Benefit Payment**. As further consideration for the purchase and sale of the Shares hereunder, Buyer shall pay or shall cause a Group Company to pay to Seller an amount in cash equal to the Transaction Tax Benefit Amount following the filing of the United States federal income Tax Return for the Group Companies (which includes any consolidated income Tax Return of Buyer that the Group Companies may be part of) with respect to the taxable period ending December 31, 2017. Such payment shall be made by wire transfer of immediately available funds to an account designated by Seller and shall be paid in full, without set-off except as and solely to the extent provided in Section 6.13, no later than the fifth (5th) Business Day after the later to occur of (x) the filing of such Tax Return or an extension with respect thereto and (y) the date on which the Company delivers the JPay Determination Notice to Seller.

ARTICLE 7
CONDITIONS TO CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT

Section 7.1 **Conditions to the Obligations of the Company, Buyer and Seller**. The obligations of the Company, Buyer and Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or, if permitted by applicable Law, waiver by the Party for whose benefit such condition exists) of the following conditions:

(a) any applicable waiting period under the HSR Act relating to the transactions contemplated by this Agreement shall have expired or been terminated;

(b) all necessary authorizations, approvals, and consents of or filings with any Governmental Entity required to be procured or made in connection with the transactions contemplated by this Agreement, as and solely to the extent set forth on Schedule 7.1(b), shall have been procured or made; and

(c) no statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition preventing the consummation of the transactions contemplated by this Agreement shall be in effect; provided, however, that each of Buyer, Seller and the Company shall have used commercially reasonable efforts to prevent the entry of any such injunction and to appeal as promptly as possible any injunction or other order that may be entered.

Section 7.2 Other Conditions to the Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, if permitted by applicable Law, waiver by Buyer of the following further conditions:

(a) (i) the representations and warranties of the Company set forth in Section 3.1(a), Section 3.2(a), and Section 3.3 shall be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date and (ii) all other representations and warranties of Seller and the Company set forth in Article 3 and of Seller set forth in Article 4 hereof shall be true and correct in all respects as of the Closing Date as though made on and as of the Closing Date, except (x) to the extent such representations and warranties are made on and as of a specified date, in which case the same shall continue on the Closing Date to be true and correct as of the specified date, and (y) with respect to clause (ii) only, to the extent that the events, changes, occurrences and circumstances that cause such representations and warranties to not be true and correct as of such dates have not had and would not reasonably be expected to have a Material Adverse Effect;

(b) Seller and the Company shall have performed and complied in all material respects with all covenants required to be performed or complied with by Seller and the Company under this Agreement on or prior to the Closing Date;

(c) since the date of this Agreement, no event, change, occurrence or circumstance shall have occurred that has had a Material Adverse Effect;

(d) prior to or at the Closing, the Company shall have delivered the following closing documents in form and substance reasonably acceptable to Buyer:

(i) a certificate of an authorized officer of Seller, dated as of the Closing Date, to the effect that the conditions specified in Section 7.2(a), Section 7.2(b) and Section 7.2(c) have been satisfied;

(ii) written resignations of each of the officers and directors of each Group Company (except for such officers and directors as Buyer may request in writing not resign);

(iii) a certificate from Seller, in form and substance as prescribed by Treasury Regulations promulgated under Code section 1445, stating that Seller is not a "foreign person" within the meaning of Code section 897 and Treasury Regulation Section 1.4452(b);

(e) prior to or at the Closing, Seller shall have delivered the items contemplated by Section 2.3(a);

(f) the Escrow Agreement shall have been executed by Seller and the Escrow Agent; and

(g) no later than one (1) Business Day prior to the Closing, Seller shall have delivered to Buyer the executed pay-off letter(s) relating to the Indebtedness outstanding under the Credit Facilities (in a form that shall have been provided to Buyer for reasonable review and comment no later than five (5) Business Days prior to the anticipated Closing Date) (the "Pay-off Letters").

Section 7.3 Other Conditions to the Obligations of the Company and Seller. The obligations of the Company and Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, if permitted by applicable Law, waiver by the Company and Seller of the following further conditions:

(a) the representations and warranties of Buyer set forth in Article 5 shall be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date, except to the extent such representations and warranties are made on and as of a specified date, in which case the same shall continue on the Closing Date to be true and correct as of the specified date;

(b) Buyer shall have performed and complied in all material respects with all covenants required to be performed or complied with by it under this Agreement on or prior to the Closing Date;

(c) prior to or at the Closing, Buyer shall have delivered the following closing documents in form and substance reasonably acceptable to the Company:

(i) a certificate of an authorized officer of Buyer, dated as of the Closing Date, to the effect that the conditions specified in Section 7.3(a) and Section 7.3(b) have been satisfied; and

(d) prior to or at the Closing, Buyer shall have taken the actions, and delivered the items, contemplated by Section 2.3(b); and

(e) the Escrow Agreement shall have been executed by Buyer and the Escrow Agent.

Section 7.4 Frustration of Closing Conditions. No Party may rely on the failure of any condition set forth in this Article 7 to be satisfied if such failure was caused by such Party's failure to use commercially reasonable efforts to cause the Closing to occur, as required by Section 6.3.

ARTICLE 8
TERMINATION; AMENDMENT; WAIVER

Section 8.1 **Termination**. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

(a) by mutual written consent of Buyer and Seller;

(b) by Buyer, if any of the representations or warranties of Seller and the Company set forth in Article 3 or Seller set forth in Article 4 shall not be true and correct or if the Company or Seller has failed to perform any covenant or agreement on the part of Seller or the Company set forth in this Agreement such that the condition to Closing set forth in either Section 7.2(a) or Section 7.2(b) would not be satisfied and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) days after written notice thereof is delivered to Seller; provided, that Buyer is not then in breach of this Agreement (including the Money Transmitter Obligation) so as to prevent the conditions to Closing set forth in either Section 7.3(a) or Section 7.3(b) from being satisfied;

(c) by Seller, if any of the representations or warranties of Buyer set forth in Article 5 shall not be true and correct or if Buyer has failed to perform any covenant or agreement on the part of Buyer set forth in this Agreement (including the Money Transmitter Obligation) or an obligation to consummate the Closing such that the condition to Closing set forth in either Section 7.3(a) or Section 7.3(b) would not be satisfied and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) days after written notice thereof is delivered to Buyer (except that, solely with respect to the Money Transmitter Obligations, such cure period shall be ten (10) days instead of twenty (20) days); provided, that neither Seller nor any Group Company is then in breach of this Agreement so as to prevent the conditions to Closing set forth in Section 7.2(a) or Section 7.2(b) from being satisfied;

(d) by either Buyer or Seller, if the transactions contemplated by this Agreement shall not have been consummated on or prior to the date that is one hundred twenty (120) days after the date hereof (the "Outside Date") and the Party seeking to terminate this Agreement pursuant to this Section 8.1(d) shall not have breached in any material respect its obligations under this Agreement (including, in the case of Buyer, the Money Transmitter Obligations) in any manner that shall have proximately caused the failure to consummate the transactions contemplated by this Agreement on or before the Outside Date; provided, however, that, if on the Outside Date all conditions to Closing contained in Article 7 have been satisfied (other than those conditions that by their nature are to be satisfied by actions taken at the Closing, but which would be satisfied if the Closing Date were the date of such termination, or would have been satisfied, assuming the Closing had in fact occurred) other than receipt of the consents and approvals set forth in Section 7.1(b), then either Buyer or Seller (but only if such party extending the Outside Date shall not have breached in any material respect its obligations under this Agreement in any manner that shall have proximately caused the failure to consummate the transactions contemplated by this Agreement on or before the Outside Date) may, by written notice to the other party, extend the Outside Date for sixty (60) days; and provided further, that if, at the end of such initial sixty (60) day extension period, one or more such consents or approvals still has not been received, either Buyer or Seller (but only if such party extending to further extent the Outside Date shall not have breached in any material respect its obligations under this Agreement in any manner that shall have proximately caused the failure to consummate the transactions contemplated by this Agreement on or before the extended Outside Date) may, by written notice to the other party, further extend the Outside Date by an additional thirty (30) days;

(e) by either Buyer or Seller, if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree or ruling or other action shall have become final and nonappealable; provided, that the Party seeking to terminate this Agreement pursuant to this Section 8.1(e) shall have used commercially reasonable efforts to remove such order, decree, ruling, judgment or injunction; or

(f) by Seller, if (i) all of the conditions set forth in Section 7.1 and Section 7.2 have been satisfied (other than those conditions that by their nature are to be satisfied by actions taken at the Closing, but which would be satisfied if the Closing Date were the date of such termination, or would have been satisfied, assuming the Closing had in fact occurred), (ii) Seller has indicated to Buyer in writing that Seller is ready, willing and able to consummate the transactions contemplated by this Agreement (subject to the satisfaction or waiver of all of the conditions set forth in Section 7.1 and Section 7.2) and (iii) Buyer fails to consummate the transactions contemplated by this Agreement within two (2) Business Days following the date on which the Closing should have occurred pursuant to Section 2.2.

Section 8.2 Effect of Termination.

(a) In the event of the termination of this Agreement pursuant to Section 8.1, this entire Agreement shall forthwith become void (and there shall be no liability or obligation on the part of Buyer, Seller or the Company or their respective officers, directors or equityholders) with the exception of (i) the provisions of the final sentence of Section 6.2, this Section 8.2, and Article 9, each of which provisions shall survive such termination and remain valid and binding obligations of the Parties, and (ii) any liability of Buyer for any breach of or failure to perform any of its obligations under this Agreement (including any failure by Buyer to consummate the transactions contemplated by this Agreement if and when it is obligated to do so hereunder) prior to such termination, in which case and notwithstanding anything to the contrary in this Agreement, Seller and the Company shall be entitled to all remedies available at law or in equity. Nothing herein shall limit or prevent any Party from exercising any rights or remedies it may have under Section 9.15.

(b) Notwithstanding Section 8.2(a), in the event that (i) Buyer or Seller terminates this Agreement pursuant to Section 8.1(d) if at the time of such termination Seller would have been entitled to terminate this Agreement pursuant to Section 8.1(f), (ii) Seller terminates this Agreement pursuant to Section 8.1(c) or (iii) Seller terminates this Agreement pursuant to Section 8.1(f), then in each case Buyer shall pay to Seller a termination fee of [redacted] (the "Termination Fee"). Buyer shall pay, or cause to be paid, the Termination Fee, if applicable, to Seller by wire transfer of immediately available funds within five (5) Business

Days after the termination of this Agreement under the circumstances described in clauses (i), (ii) or (iii), as applicable. Payment of the Termination Fee shall be the sole and exclusive remedy of Seller, its unitholders and their respective Affiliates against Buyer and any of its respective Affiliates, and each of their respective former, current and future directors, officers, employees, advisors, managers, partners, members, equityholders, agents, and other representatives, successors and assigns (each, a "Buyer Related Party") following a termination of this Agreement in which the Termination Fee is paid, it being understood that in no event shall Buyer be required to pay fees payable pursuant to this Section 8.2(b) on more than one occasion. Seller may pursue both a grant of specific performance in accordance with (and subject to the limitations set forth in) Section 9.15 and the payment of the Termination Fee and the fees and expenses pursuant to this Section 8.2; provided that under no circumstances shall Seller be permitted or entitled to receive both a grant of specific performance resulting in the Closing and of payment of the Termination Fee. The Termination Fee shall be considered liquidated damages (and not a penalty) for any and all losses or damages suffered or incurred by Seller or any other Person in connection with this Agreement and the transactions contemplated hereby (and the abandonment or termination thereof) or any other matter forming the basis for such termination, and no Person shall have any rights or claims against any of Buyer or any Buyer Related Party relating to this Agreement or any of the transactions contemplated hereby (and the abandonment or termination thereof), or in respect of any oral representations made or alleged to be made in connection herewith or therewith, whether at law or equity, in contract, in tort or otherwise, and neither Buyer nor any Buyer Related Party shall have any further liability or obligation relating to or arising out of this Agreement or any of the transactions contemplated hereby (and the abandonment or termination thereof) or in respect of any oral representations made or alleged to be made in connection herewith or therewith. The Parties acknowledge that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Parties would not enter into this Agreement.

(c) If Buyer fails promptly to pay, or cause to be paid, the Termination Fee if and when payable pursuant to Section 8.2(b), and, in order to obtain such payment, Seller commences an Action that results in a judgment against Buyer for the Termination Fee, Buyer shall pay to Seller, in addition to the Termination Fee, any reasonable out-of-pocket fees, costs and expenses (including reasonable legal fees) incurred by Seller in connection with any such Action.

Section 8.3 Amendment. This Agreement may be amended or modified only by a written agreement executed and delivered by duly authorized officers of Buyer and Seller (subject to Section 9.8). This Agreement may not be modified or amended except as provided in the immediately preceding sentence and any purported amendment by any Party or Parties effected in a manner which does not comply with this Section 8.3 shall be void.

Section 8.4 Extension; Waiver. Subject to Section 8.1(d), at any time prior to the Closing, Seller (on behalf of itself and the Company) may (a) extend the time for the performance of any of the obligations or other acts of Buyer contained herein, (b) waive any inaccuracies in the representations and warranties of Buyer contained herein or in any document, certificate or writing delivered by Buyer pursuant hereto or (c) waive compliance by Buyer with any of the agreements or conditions contained herein. Subject to Section 8.1(d), at any time prior to the Closing, Buyer may (i) extend the time for the performance of any of the obligations or other acts of the Company or Seller contained herein, (ii) waive any inaccuracies in the representations and warranties of the Company and Seller contained herein or in any document, certificate or writing delivered by the Company or Seller pursuant hereto or (iii) waive compliance by the Company and Seller with any of the agreements or conditions contained herein. Any agreement on the part of any Party to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such Party. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of such rights.

ARTICLE 9
MISCELLANEOUS

Section 9.1 **Survival of Representations, Warranties and Covenants**. The representations, warranties and covenants (to the extent requiring performance at or prior to the Closing) of the Company and Seller contained in this Agreement shall terminate on the Closing Date. The covenants of Seller and the Company to the extent requiring performance after the Closing shall survive the Closing in accordance with their respective terms. The representations and warranties of Buyer contained in Article 5 shall survive the Closing indefinitely. The covenants of Buyer requiring performance at or prior to the Closing shall terminate on the Closing Date. The covenants of Buyer to the extent requiring performance after the Closing shall survive the Closing in accordance with their respective terms.

Section 9.2 **Entire Agreement; Assignment**. This Agreement and the Ancillary Agreements (a) constitute the entire agreement among the Parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and (b) shall not be assigned by any Party (whether by operation of law or otherwise), other than for collateral purposes, without the prior written consent of Buyer and Seller; provided, that Buyer may (i) assign any or all of its rights and obligations hereunder to any of its Affiliates prior to Closing to any purchaser of any Group Company after the Closing or (ii) collaterally assign its rights and benefits hereunder, in whole or in part, to any Debt Financing Sources, provided that, in each case, no such assignment will relieve Buyer of any of its obligations under this Agreement or any Ancillary Documents. Any attempted assignment of this Agreement not in accordance with the terms of this Section 9.2 shall be void.

Section 9.3 **Notices**. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile (followed by overnight courier), e-mail (followed by overnight courier), or by registered or certified mail (postage prepaid, return receipt requested) to the other Parties as follows:

To Buyer (or to the Company after the Closing):

c/o Platinum Equity Advisors, LLC
360 North Crescent Drive, South Building
Beverly Hills, California 90210
Attention: Eva M. Kalawski, Executive Vice President,
General Counsel and Secretary
Facsimile: (310) 712-1863
E-mail: ekalawski@platinumequity.com

with a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
600 Anton Blvd., Suite 1800
Costa Mesa, California 92626
Attention: James W. Loss
Andrew M. Ray
Facsimile: (714) 830-0700
E-mail: jim.loss@morganlewis.com

To Seller (or to the Company prior to the Closing):

Securus Investment Holdings, LLC.
14651 Dallas Pkwy, 6th Floor
Dallas, Texas 75254
Attention: Richard A. Smith
Dennis Reinhold
Facsimile: (972) 277-0681
E-mail: rasmith@securustechnologies.com
dreinhold@securustechnologies.com

with copies (which shall not constitute notice) to:

ABRY Partners II, LLC
888 Boylston Street, Suite 1600
Boston, MA 02199
Attention: Azra Kanji and Bob Pan
Facsimile: (617) 859-8797
E-mail: akanji@abry.com
bpan@abry.com

and

Kirkland & Ellis LLP
601 Lexington Avenue
New York, NY 10022
Attention: Armand A. Della Monica, P.C.
Laura A. Sullivan
Facsimile: (212) 446-6460
E-mail: adellamonica@kirkland.com
laura.sullivan@kirkland.com

or to such other address as the Party to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

Section 9.4 **Governing Law**. This Agreement and any Action of any kind or any nature (whether based upon contract, tort or otherwise) that is any way related to this Agreement or any of the transactions related hereto, shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that State without regard to the conflict of laws rules thereof.

Section 9.5 **Fees and Expenses**. Except as otherwise set forth in this Agreement, all fees and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees and disbursements of counsel, financial advisors and accountants, shall be paid by the Party incurring such fees or expenses. All transfer Taxes, recording fees and other similar Taxes that are imposed on any of the Parties by any Governmental Entity in connection with the transactions contemplated by this Agreement shall be borne by Buyer.

Section 9.6 **Construction; Interpretation**. The term "this Agreement" means this Stock Purchase Agreement together with the Schedules and exhibits hereto and the Equity Commitment Letter, as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof. The headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. No Party, nor its respective counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions hereof, and all provisions of this Agreement shall be construed according to their fair meaning and not strictly for or against any Party. Unless otherwise indicated to the contrary herein by the context or use thereof: (i) the words, "herein," "hereto," "hereof" and words of similar import refer to this Agreement as a whole, including the Schedules and exhibits, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement; (ii) masculine gender shall also include the feminine and neutral genders, and vice versa; (iii) words importing the singular shall also include the plural, and vice versa; (iv) the words "include," "includes" or "including" shall be deemed to be followed by the words "without limitation"; (v) financial terms shall have the meanings given to such terms under GAAP unless otherwise specified herein; and (vi) references to "$" or "dollar" or "US$" shall be references to United States dollars. If any action under this Agreement is required to be done or taken on a day that is not a Business Day or on which a government office is not open with respect to which a filing must be made, then such action shall be required to be done or taken not on such day but on the first succeeding Business Day thereafter.

Section 9.7 **Exhibits and Schedules**. All exhibits and Schedules, or documents expressly incorporated into this Agreement, are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement. Any item disclosed in any Schedule referenced by a particular section in this Agreement shall be deemed to have been disclosed with respect to every other section in this Agreement if the relevance of such disclosure to such other section is reasonably apparent. The specification of any dollar amount in the representations or warranties contained in this Agreement or the inclusion of any specific item in any Schedule is not intended to imply that such amounts, or higher or lower amounts or the items so included or other items, are or are not material, and no party shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy as to whether any obligation, items or matter not described herein or included in a Schedule is or is not material for the purposes of this Agreement. The disclosure with respect to any agreement, contract or other document referred to in the Schedules shall be qualified in its entirety by reference to the terms thereof. The Schedules and the information and statements contained therein are not intended to constitute, and shall not be construed as constituting, representations, warranties, covenants, agreements or obligations of the Company except as and to the extent expressly provided in this Agreement, nor shall they be taken as extending the scope of any representation, warranty, covenant, agreement or obligation set out in this Agreement. Any capitalized term used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning given to such term in this Agreement.

Section 9.8 **Parties in Interest**. This Agreement shall be binding upon and inure solely to the benefit of each Party and its successors and permitted assigns and, except as provided in Section 6.6, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement. Notwithstanding the foregoing, (a) Kirkland & Ellis LLP is a third party beneficiary of Section 9.16 and (b) the Debt Financing Sources and the Debt Financing Source Related Persons are third party beneficiaries of Section 8.2(b), Section 8.3, Section 9.4, this Section 9.8, Section 9.12, Section 9.13 and Section 9.14 to the extent such Sections are applicable to the Debt Financing Sources and the Debt Financing Source Related Persons (and no amendment or modification to such provisions with respect to the Debt Financing Sources may be made in any manner materially adverse to the Debt Financing Sources without the prior written consent of the applicable Debt Financing Sources).

Section 9.9 **Severability**. If any term or other provision of this Agreement is invalid, illegal or unenforceable under applicable Law, all other provisions of this Agreement shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon a determination that any term or other provision of this Agreement is invalid, illegal or unenforceable under applicable Law, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 9.10 **Counterparts; Electronic Signatures**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile, e-mail, or scanned pages shall be effective as delivery of a manually executed counterpart to this Agreement.

Section 9.11 **The Company's Knowledge**. For all purposes of this Agreement, the phrase "to the Company's knowledge" and any derivations thereof shall mean, as of the applicable date, the actual knowledge after reasonable inquiry of those officers or employees of the Company who are expected to have knowledge of such subject matter (and shall in no event encompass constructive, imputed or similar concepts of knowledge) of Richard A. Smith, Geoffrey M. Boyd, Robert E. Pickens or Dennis J. Reinhold, none of whom shall have any personal liability or obligations regarding such knowledge.

Section 9.12 **No Recourse**. Notwithstanding anything that may be expressed or implied in this Agreement, Buyer acknowledges and agrees that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any past, present or future director, officer, agent or employee of any past, present or future member of Seller or of any Affiliate or assignee thereof, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any past, present or future director, officer, agent or employee of any past, present or future member of Seller or of any Affiliate or assignee thereof, as such, for any obligation of Seller under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation. Notwithstanding anything to the contrary in this Agreement, the Debt Financing Sources and Debt Financing Source Related Persons shall not have any liability to Seller, the Company or any of their respective Affiliates relating to or arising out of this Agreement, the Debt Financing or the Debt Financing Commitments or any related agreements or the transactions contemplated hereby or thereby and Seller, the Company and their respective Affiliates shall not have any rights or claims, and shall not seek any loss or damage or any other recovery or judgment of any kind against any Debt Financing Sources and Debt Financing Source Related Persons under this Agreement, the Debt Financing or the Debt Financing Commitments or any related agreements, whether at law or equity, in contract or in tort or otherwise, and each of Seller and the Company (on behalf their own behalf and on behalf of their respective stockholders, partners, members, Affiliates, directors, officers, employees, controlling persons and agents) hereby waives any rights or claims against any Debt Financing Sources and Debt Financing Source Related Persons relating to or arising out of this Agreement, the Debt Financing or the Debt Financing Commitments or any related agreements or the transactions contemplated hereby or thereby. For the avoidance of doubt, nothing contained herein shall restrict the ability of Seller to seek specific performance of Sponsor's obligations hereunder in connection with the Equity Financing pursuant to and in accordance with Section 9.15(b).

Section 9.13 **Waiver of Jury Trial**. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. EACH PARTY HEREBY FURTHER AGREES AND CONSENTS THAT ANY SUCH ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 9.14 **Jurisdiction and Venue**. EACH OF THE PARTIES HERETO IRREVOCABLY (A) CONSENTS TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, CITY OF NEW YORK AND OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF NEW YORK, CITY OF NEW YORK IN ANY ACTION RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, (B) WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT BROUGHT IN SUCH COURT, (C) WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, AND (D) AGREES THAT SERVICE OF PROCESS OR OF ANY OTHER PAPERS UPON SUCH PARTY BY REGISTERED MAIL AT THE ADDRESS TO WHICH NOTICES ARE REQUIRED TO BE SENT TO SUCH PARTY UNDER SECTION 9.3 SHALL BE DEEMED GOOD, PROPER AND EFFECTIVE SERVICE UPON SUCH PARTY. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, EACH PARTY HERETO: (I) AGREES THAT IT WILL NOT BRING OR SUPPORT ANY PERSON IN ANY ACTION OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR IN EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY DEBT FINANCING SOURCES IN ANY WAY RELATING TO THIS AGREEMENT, THE DEBT FINANCING OR THE PERFORMANCE THEREOF OR THE TRANSACTIONS CONTEMPLATED THEREBY, IN ANY FORUM OTHER THAN THE FEDERAL AND NEW YORK STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN WITHIN THE CITY OF NEW YORK, (II) AGREES THAT ALL CLAIMS OR CAUSES OF ACTION (WHETHER AT LAW, IN EQUITY, IN CONTRACT, IN TORT OR OTHERWISE) AGAINST ANY DEBT FINANCING SOURCES IN ANY WAY RELATING TO THIS AGREEMENT, THE DEBT FINANCING OR THE PERFORMANCE THEREOF OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL BE EXCLUSIVELY GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OR RULES OR CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF LAWS OF ANOTHER JURISDICTION AND (III) HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY

JURY IN RESPECT OF ANY LITIGATION (WHETHER IN LAW OR IN EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE) DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING IN ANY WAY TO THE DEBT FINANCING COMMITMENTS OR THE PERFORMANCE THEREOF OR THE FINANCINGS CONTEMPLATED THEREBY.

Section 9.15 Remedies.

(a) Except as otherwise expressly provided herein, any and all remedies provided herein will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the Parties do not perform their respective obligations under the provisions of this Agreement (including failing to comply with its obligations under Section 6.10 and to take such actions as are required of them hereunder to consummate the transactions contemplated by this Agreement) in accordance with their specific terms or otherwise breach such provisions. It is accordingly agreed that, prior to the valid termination of this Agreement pursuant to Section 8.1, subject to the limitations set forth in Section 9.15(b), the Parties shall be entitled to an injunction or injunctions, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement (including failing to comply with its obligations under Section 6.10 and to take such actions as are required of them hereunder to consummate the transactions contemplated by this Agreement), in each case without posting a bond or undertaking, this being in addition to any other remedy to which they are entitled at law or in equity. Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief when expressly available pursuant to the terms of this Agreement on the basis that the other Parties have an adequate remedy at law or an award of specific performance is not an appropriate remedy for any reason at law or equity notwithstanding the potential for payment of the Termination Fee in the event of the termination of this Agreement in accordance with Section 8.2. No breach of any representation, warranty or covenant contained herein or in any certificate delivered pursuant to this Agreement shall give rise to any right on the part of any Party, after the consummation of the transactions contemplated hereby, to rescind this Agreement or any of the transactions contemplated hereby.

(b) Notwithstanding the foregoing, it is explicitly agreed that Seller and the Company shall be entitled to specific performance of Buyer's obligation to cause the Equity Financing to be funded if and only if (i) the conditions set forth in Section 7.1 and Section 7.2 have been satisfied (other than those conditions that by their nature are to be satisfied by actions taken at the Closing; provided, that such conditions are then capable of being satisfied and will be satisfied at the Closing) or have been waived (in writing) by Buyer in each case at the time the Closing is required to have occurred pursuant to Section 2.1, (ii) Seller has irrevocably confirmed to Buyer in writing that, if specific performance is granted and the Equity Financing and Debt Financing are funded, Seller is ready, willing and able to (and shall), and shall cause the Company to, perform its obligations in connection with effectuating the Closing and the Closing will occur pursuant to Article 2 (and Seller has not revoked such notice), (iii) the Debt

Financing has been funded or the financing sources thereunder have indicated to Buyer in writing that the Debt Financing will be funded at the Closing if the Equity Financing is funded at the Closing, and (iv) Buyer fails to consummate the Closing by the later of (A) two (2) Business Days following the date of the notice described in clause (ii) and (B) the date the Closing is required to have occurred in accordance with Section 2.2. For the avoidance of doubt, in no event shall Seller or the Company be entitled to enforce or to seek to enforce specifically Buyer's obligation to cause the Equity Financing to be funded if the Debt Financing has not been funded (or will not be funded at the Closing if the Equity Financing is funded at the Closing).

(c) To the extent any Party brings an Action to enforce specifically the performance of the terms and provisions of this Agreement (other than an Action to enforce specifically any provision that expressly survives termination of this Agreement), the Outside Date shall automatically be extended to (i) the tenth (10th) Business Day following the final resolution of such Action or (ii) such other time period established by the court presiding over such Action.

Section 9.16 Waiver of Conflicts. Recognizing that Kirkland & Ellis LLP has acted as legal counsel to Seller, its Affiliates and the Group Companies prior to the Closing, and that Kirkland & Ellis LLP intends to act as legal counsel to Seller and its Affiliates (which will no longer include the Group Companies) after the Closing, each of Buyer and the Company hereby waives, on its own behalf and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with Kirkland & Ellis LLP representing Seller and/or its Affiliates after the Closing as such representation may relate to Buyer, any Group Company or the transactions contemplated herein. In addition, all communications involving attorney-client confidences between Seller, its Affiliates or any Group Company and Kirkland & Ellis LLP in the course of the negotiation, documentation and consummation of the transactions contemplated hereby shall be deemed to be attorney-client confidences that belong solely to Seller and its Affiliates (and not the Group Companies). Accordingly, the Group Companies shall not have access to any such communications, or to the files of Kirkland & Ellis LLP relating to its engagement, whether or not the Closing shall have occurred. Without limiting the generality of the foregoing, upon and after the Closing, (i) Seller and its Affiliates (and not the Group Companies) shall be the sole holders of the attorney-client privilege with respect to such engagement, and none of the Group Companies shall be a holder thereof, (ii) to the extent that files of Kirkland & Ellis LLP in respect of such engagement constitute property of the client, only Seller and its Affiliates (and not the Group Companies) shall hold such property rights and (iii) Kirkland & Ellis LLP shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to any of the Group Companies by reason of any attorney-client relationship between Kirkland & Ellis LLP and any of the Group Companies or otherwise.

Section 9.17 Currency. All payments made by Buyer pursuant to this Agreement shall be made in United States dollars.

* * * * *

IN WITNESS WHEREOF, each of the Parties has caused this Stock Purchase Agreement to be duly executed on its behalf as of the day and year first above written.

SECURUS INVESTMENT HOLDINGS, LLC

By:______________________________
Name: Azra Kanji
Title: Vice President and Assistant Secretary

CONNECT ACQUISITION CORP.

By:______________________________
Name: Azra Kanji
Title: Vice President and Assistant Secretary

SCRS ACQUISITION CORPORATION

By:________________________________
Name: Eva M. Kalawski
Title: Vice President and Secretary

REDACTED SCHEDULES 1.1(a) – 6.1;

REDACTED EXHIBITS A – C

Attachment 8
Petitioners' Tweet

Lee G. Petro
@LeeGPetro

Follow

Fellow Spartan & Flintstone @TomGores Breaking Wrong- Buying Prison Phone Company Securus $1.5B #phoneinjustice @FCC reuters.com/article/us-sec …

Judge John A. Garner
Executive Director
Alabama Public Service Commission
RSA Union
100 North Union Street
Montgomery, AL 36104

Re: Securus Technologies, Inc.
Annual Financial Statements

Dear Judge Garner,

Please find enclosed the consolidated balance sheet and statement of operations for Securus Holdings, Inc., parent company to Securus Technologies, Inc. ("Securus") to comply with the annual reporting requirements in Section 37-1-57 in the Code of Alabama, 1975 and Rule T-22, paragraphs (I) through (K) of the Commission's Telephone Rules. The annual financial statements for Securus for the year ending December 31, 2016 are provided.

Securus sincerely appreciates your attention to this matter. Should you have any questions or concerns regarding the information provided herein, please do not hesitate to contact Debbie Conde, Senior Regulatory Analyst, at (972) 277-0395 or dconde@securustechnologies.com

Respectfully submitted,

Geoffrey Boyd
Chief Financial Officer

6:12 PM - 16 May 2017

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