



PUBLIC NOTICE

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APPLICATIONS GRANTED FOR THE TRANSFER OF CONTROL OF CENTURYLINK PUBLIC COMMUNICATIONS, INC. TO INMATE CALLING SOLUTIONS, LLC D/B/A ICSOLUTIONS

WC Docket No. 20-150

By this Public Notice, the Wireline Competition Bureau and International Bureau (Bureaus) grant applications filed by Embarq Corporation (Embarq) and Inmate Calling Solutions, LLC d/b/a ICSolutions (ICSolutions) (together, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended (Act), and sections 63.03-04, 63.18, and 63.24 of the Commission's rules,¹ requesting consent to transfer control of CenturyLink Public Communications, Inc. (CenturyLink Public Communications) from Embarq to ICSolutions.²

On June 25, 2020, the Bureaus released a public notice seeking comment on the Applications.³ The Bureaus did not receive comments or petitions in opposition to these Applications.

Applicants and Description of Transaction

CenturyLink Public Communications provides inmate calling services to state, county, and municipal correctional institutions through wholesale capacity provided by its affiliate, CenturyLink, Inc. (CenturyLink).⁴ Applicants state that CenturyLink Public Communications currently has contracts to provide telecommunications services to certain correctional facilities in Arizona, Florida, Idaho, Kansas, Louisiana, Missouri, Montana, North Carolina, Nevada, Oregon, Utah, West Virginia, and Wisconsin.⁵

¹ 47 U.S.C. §§ 214, 310(d); 47 CFR §§ 63.03-04, 63.18, 63.24.

² Joint Application of Embarq Corporation and Inmate Calling Solutions, LLC d/b/a ICSolutions for Consent to Transfer Control of Domestic and International Section 214 Authorizations, WC Docket No. 20-150 (filed May 22, 2020) (Lead Application). Applicants also filed a supplement to their application on June 12, 2020. Letter from Howard M. Liberman and Jennifer L. Kostyu, Counsel to ICSolutions, to Marlene H. Dortch, Secretary, FCC, WC Docket 20-150 (filed June 12, 2020) (Supplement Letter).

³ *Applications Filed for the Transfer of Control of CenturyLink Public Communications, Inc. to Inmate Calling Solutions, LLC D/B/A ICSolutions*, WC Docket No. 20-150, Public Notice, DA 20-673 (WCB/IB 2020) (Accepted-for-Filing Public Notice).

⁴ Lead Application at 3, 5-6; Supplement Letter at 1. CenturyLink Public Communications also historically provided public payphone services, although Applicants state that today these reflect a very small portion of CenturyLink Public Communications' business. Lead Application at 3, n.3.

⁵ Lead Application at 10.

CenturyLink Public Communications is a wholly owned direct subsidiary of Embarq, which is a wholly owned, direct subsidiary of CenturyLink.⁶

ICSolutions provides telecommunications services to confinement and correctional facilities in 39 states, including inmate calling and video visitation services.⁷ ICSolutions is a wholly-owned direct subsidiary of Keefe Group, LLC (Keefe), which is in turn, is a wholly-owned direct subsidiary of TKC Holdings, Inc. (TKC Holdings), a holding company that provides products and services to correctional and lodging markets.⁸ TKC Holdings is indirectly controlled by H.I.G. Capital, L.L.C. (H.I.G. Capital), a U.S.-based private equity investment entity that is ultimately controlled by Sami Mnaymneh and Anthony Tamer, both U.S. citizens.⁹

Pursuant to the terms of the proposed transaction, ICSolutions will acquire 100% of the stock of CenturyLink Public Communications from Embarq.¹⁰ As a result, CenturyLink Public Communications will become a wholly-owned, direct subsidiary of ICSolutions and be ultimately controlled by H.I.G. Capital.¹¹ Embarq and CenturyLink Public Communications will undertake certain internal pre-closing transactions to facilitate the transfer of CenturyLink Public Communications to ICSolutions. Specifically, to the extent CenturyLink Public Communications owns any remaining payphones or provides payphone service outside correctional facilities, such business will cease or be transferred to another affiliate of Embarq prior to closing.¹² In addition, prior to closing, CenturyLink Public Communications will transfer to another Embarq affiliate CenturyLink Public Communications' contract with the Texas Department of Criminal Justice to provide communications services to certain correctional institutions in Texas. Neither CenturyLink Public Communications' non-correctional payphone business nor the Texas Department of Criminal Justice contract will be transferred to ICSolutions.¹³

Grant of Applications

We find, upon consideration of the record, that the proposed transfer will serve the public interest, convenience, and necessity. While the Commission has found that the potential for public interest harm is unlikely in transactions involving non-dominant carriers providing resold or facilities-based interstate, interexchange services, similar to Applicants,¹⁴ these carriers in this transaction provide their interstate,

⁶ *Id.* at 2.

⁷ *Id.* at 3, n.4. ICSolutions provides telecommunications to correctional facilities in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

⁸ *Id.* at 4.

⁹ *Id.* at 8-9; Supplement Letter at 2. Applicants provided charts depicting pre-closing and post-closing ownership structures. Lead Application at Exh. A.

¹⁰ Lead Application at 4.

¹¹ *Id.*

¹² *Id.* at 4-5.

¹³ *Id.*

¹⁴ *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, CC Docket No. 01-150, Report and Order, 17 FCC Rcd 5517, 5533, paras. 29-30 (2002). Applicants state that in accordance with the Commission's presumption that an application qualifies for streamlining, upon closing of the proposed transaction, ICSolutions and CenturyLink Public Communications, collectively, would have a market share in the interstate, interexchange market of less than 10% and not be dominant with respect to any telecommunications service. Lead Application at 10-11 (citing 47 CFR § 63.03(b)(2)(i)). Because the proposed transaction involves multiple

(continued....)

interexchange services in the inmate calling services marketplace. The Commission has historically recognized that the inmate calling services market is different from other telecommunications markets.¹⁵ In light of this difference, we have considered whether the combination of CenturyLink Public Communications and ICSolutions would result in anti-competitive harm in the inmate calling services market. In this case, because CenturyLink Public Communications relies on ICSolutions as its subcontractor for the correctional facility contracts in which CenturyLink Public Communications is the primary contractor and which will be transferred to ICSolutions pursuant to this transaction, we are persuaded by Applicants' assertion that incarcerated individuals and their families will continue to receive

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applications and because of the public interest review associated with them, the Bureaus exercised their discretion to accept the Applications for non-streamlined filing. Accepted-for-Filing Public Notice at 5.

¹⁵ See *Rates for Interstate Calling Services*, WC Docket 12-375, Report and Order on Remand and Fourth Further Notice of Proposed Rulemaking, FCC 20-111, at para. 5 (2020) (2020 *ICS Order and NPRM*) (stating that “. . . incarcerated people and the individuals they call have no choice in their telephone service provider. Instead, their only option is typically an inmate calling services provider chosen by the correctional facility that, once chosen, operates as a monopolist.”); *Rates for Inmate Calling Services*, WC Docket No. 12-375, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 14107, 14128-29, paras. 39-41 (2013) (finding that market forces were not operating to ensure just, reasonable, and fair rates for inmate calling services, and that the absence of competitive pressures necessitated rate regulation).

all services post-merger without disruption and without the potential loss of an independent competitor.¹⁶ We also agree with Applicants that post-merger, ICSolutions will be better positioned to more effectively competitively bid for service contracts, especially for larger state department of corrections contracts, against the largest inmate calling service providers, Global Tel*Link Corporation (GTL) and Securus Technologies, Inc. (Securus), which could result in better services and lower prices for incarcerated individuals and their families.¹⁷ The Commission has found that there is no harm to competition where a

transaction will result in a newly combined firm that can be a more effective and stronger competitor against larger providers.¹⁸

Pursuant to sections 214(a) and 214(c) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 214(a), 214(c), and sections 63.03-04, 63.18, and 63.24 of the Commission's rules, 47 CFR §§ 63.03-04, 63.18, 63.24, and pursuant to the authority delegated under sections 0.51, 0.91, 0.261, and 0.291 of the Commission's rules, 47 CFR §§ 0.51, 0.91, 0.261, and 0.291, we grant the Applications listed in Attachment A to this Public Notice.

¹⁶ Lead Application at 6 (stating that “the transaction will not result in any interruption, reduction, loss, impairment, or disruption of services. Post-closing, ICSolutions will continue to honor CPCI’s [CenturyLink Public Communications] correctional facility customer contracts. For correctional facilities and for inmates and inmate families, it will continue to provide services at the same rates and on the same terms and conditions as are currently in effect. Because ICSolutions is already a subcontractor to the vast majority of CPCI’s [CenturyLink Public Communications] contracts, its customers are already very familiar and have worked with ICSolutions and vice versa. Thus, other than changing the name of CPCI [CenturyLink Public Communications] post-closing (of which customers will be notified), the transaction will in no way affect CPCI’s [CenturyLink Public Communications] customers or the services they receive.”).

¹⁷ *Id.* at 5 (stating that “post-closing, ICSolutions will be better positioned to more competitively bid for service contracts against the largest inmate calling service providers such as Global Tel*Link Corporation (“GTL”) and Securus Technologies, Inc. (“Securus”), which will result in better telecommunications prices for inmates and their families. Today, for example, CPCI [CenturyLink Public Communications] primarily competes for contracts with state department of corrections (“DOC”) and larger county or municipal institutions, while ICSolutions typically focuses on smaller/individual facilities. ICSolutions anticipates that the transaction will enable it to better compete for DOC and other contracts against other providers, particularly GTL and Securus as ICSolutions maintains an earned reputation for integrity in serving inmate families.”). *2020 ICS Order and NPRM* at para. 94 (observing that GTL is the largest inmate calling services provider); News Release, U.S. Department of Justice, Securus Technologies Abandons Proposed Acquisition of Inmate Calling Solutions After Justice Department and the Federal Communications Commission Informed Parties of Concerns (rel. Apr. 3, 2019), <https://www.justice.gov/opa/pr/securus-technologies-abandons-proposed-acquisition-inmate-calling-solutions-after-justice> (observing that Securus is one of the two largest inmate calling services providers in the nation); *see also 2020 ICS Order and NPRM* at n.226 and Appx. E (Analysis of Responses to the Second Mandatory Data Collection) at Table 1 (Selected Statistics of Responding Providers) and Table 6 (Inmate Calling Services Revenues and Costs by Provider and for Industry (in \$ millions)); Letter from Brian D. Oliver, Global Tel*Link Corporation, Richard A. Smith, Securus Technologies, Inc., Kevin O’Neil, Telmate, LLC, to FCC Chairman and Commissioners, WC Docket No. 12-375, at 1 (filed Sept. 15, 2014) (stating that GTL, Securus, and Telmate are the “primary providers of inmate calling services (“ICS”) in the United States and represented 85% of the industry revenue in 2013...”).

¹⁸ *See Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd 9581, 9594, 9605, paras. 26 and 52 (2017) (finding no harm to competition where applicants competed for certain services and stating that the transaction would result in a newly combined firm that can be a more effective and stronger competitor against larger providers).

Pursuant to section 1.103 of the Commission's rules, 47 CFR § 1.103, the consent granted herein is effective upon the release of this Public Notice. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 CFR §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Dennis Johnson, Wireline Competition Bureau, (202) 418-0809; Jordan Reth, Wireline Competition Bureau, (202) 418-1418; David Krech, International Bureau, (202) 418-7443; or Sumita Mukhoty, International Bureau, (202) 418-7165.

ATTACHMENT A

SECTION 214 AUTHORIZATIONS

A. International

<u>File Number</u>	<u>Authorization Holder</u>	<u>Authorization Number</u>
ITC-T/C-20200522-00080	CenturyLink Public Communications, Inc.	ITC-214-20150420-00094

B. Domestic

The Wireline Competition Bureau grants the application to transfer control of domestic section 214 authority in connection with the proposed transaction – WC Docket No. 20-150.¹⁹

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¹⁹ 47 CFR § 63.03.