

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of )
Securus Technologies, Inc., et al. )
File No.: EB-IHD-17-000225128
Acct. No.: 201732080008
FRN: 0006222319

ORDER

Adopted: October 27, 2017

Released: October 30, 2017

By the Commission: Chairman Pai issuing a statement and Commissioners Clyburn and Rosenworcel dissenting and issuing a joint statement.

1. The Federal Communications Commission (FCC or Commission) has entered into a Consent Decree to resolve its investigation into whether Securus Technologies, Inc. (Securus or the Company) and Securus Investment Holdings, LLC, T-NETIX, Inc., T-NETIX Telecommunications Services, Inc., CellBlox Acquisitions, LLC (collectively, the Securus Entities), failed to make truthful and accurate statements to the Commission, and maintain the continuing accuracy and completeness of information furnished to the Commission – in violation of 47 C.F.R §§ 1.17 and 1.65 – regarding State Regulatory Authority approvals for their pending transfer of control application.1 These rules ensure that Commission regulatees do not provide the Commission with material factual information that is incorrect or misleading, or omit material information.

2. On July 26, 2017, Richard A. Smith, the Securus Chief Executive Officer, Manfred Affenzeller, a Managing Director at Deutsche Bank, and Azra Kanji, a Partner at ABRY Partners, sent a joint letter to Chairman Ajit Pai stating, “we have received approvals for 48 of 48 state money license transfer approvals, Hart Scott Rodino Justice Department approval, and all necessary State/PSC/PUC approvals.”2 However, when the three executives made their representations, four State Regulatory Authorities had not yet approved the transfer of control.3

3. The Commission must be able to rely on the completeness and accuracy of its regulatees’ submissions. The Company had a statutory and regulatory obligation to accurately report on the status of the state regulatory approvals that were provided to the Commission. The Company’s failure to

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

2 Letter from Richard A. Smith, Chief Executive Officer, Securus Technologies, Inc., Manfred Affenzeller, Managing Director, Deutsche Bank, and Azra Kanji, Partner, ABRY Partners, to The Honorable Ajit Pai, Chairman, Federal Communications Commission (July 26, 2017).

3 The four pending State Regulatory Authority approvals were in Alaska, California, Mississippi, and Pennsylvania.

accurately report on these approvals is troubling, but we believe that a Consent Decree is appropriate based on the totality of the circumstances and the Company's full cooperation with the Enforcement Bureau's investigation.

4. To settle this matter, Securus and the Securus Entities agree to pay a \$1,700,000 civil penalty and to implement a compliance plan to prevent future violations.

5. After reviewing the terms of the Consent Decree and evaluating the facts before us, we find that the public interest would be served by adopting the Consent Decree and terminating the referenced investigation into the Company's and Securus Entities' compliance with Sections 1.17 and 1.65 of the Commission's rules.<sup>4</sup>

6. In the absence of material new evidence relating to this matter, we do not set for hearing the question of Securus' or the Securus Entities' basic qualifications to hold or obtain any Commission license or authorization.<sup>5</sup>

7. Accordingly, **IT IS ORDERED** that, pursuant to Sections 4(i) of the Communications Act, as amended,<sup>6</sup> the Consent Decree attached to this Order **IS ADOPTED** and its terms are incorporated by reference.

8. **IT IS FURTHER ORDERED** that the above-captioned matter **IS TERMINATED**.

9. **IT IS FURTHER ORDERED** that a copy of this Order and Consent Decree shall be sent by first class mail and certified mail, return receipt requested, to Dennis Reinhold, Vice President, General Counsel, and Secretary, Securus Technologies, Inc., 4000 International Parkway, Carrollton, TX 75007; Samuel Rosenthal, Esq., Squire Patton Boggs, LLP, 2550 M Street NW, Washington, D.C. 20037; and Paul C. Besozzi, Esq., Squire Patton Boggs, LLP, 2550 M Street NW, Washington, D.C. 20037.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch  
Secretary

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<sup>4</sup> 47 C.F.R. §§ 1.17, 1.65.

<sup>5</sup> See 47 C.F.R. § 1.93(b).

<sup>6</sup> 47 U.S.C. § 154(i).

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**CONSENT DECREE**

1. The Federal Communications Commission (FCC or Commission) and Securus Technologies, Inc. (Securus or Company) and Securus Investment Holdings, LLC, T-NETIX, Inc., T-NETIX Telecommunications Services, Inc., CellBlox Acquisitions, LLC (collectively, the Securus Entities), by their authorized representatives, hereby enter into this Consent Decree for the purpose of terminating the Enforcement Bureau’s Investigation into whether the Company and the Securus Entities violated 47 CFR §§ 1.17 and 1.65 regarding the Commission’s requirement that entities subject to the Commission’s jurisdiction provide accurate and complete information in all representations made to the Commission and its staff in connection with the Company’s pending transfer of control application.<sup>1</sup>

**I. DEFINITIONS**

2. For the purposes of this Consent Decree, the following definitions shall apply:
- (a) “Act” means the Communications Act of 1934, as amended.<sup>2</sup>
  - (b) “Adopting Order” means an order of the Commission adopting the terms of this Consent Decree without change, addition, deletion, or modification.
  - (c) “Bureau” means the Enforcement Bureau of the Federal Communications Commission.
  - (d) “Commission” and “FCC” mean the Federal Communications Commission and all of its bureaus and offices.
  - (e) “Communications Laws” means collectively, the Act, the Rules, and the published and promulgated orders and decisions of the Commission to which Securus and each of the Securus Entities are subject by virtue of their business activities.
  - (f) “Compliance Plan” means the compliance obligations, program, and procedures described in this Consent Decree at paragraph 13.

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

<sup>2</sup> 47 U.S.C. § 151 *et seq.*

- (g) “Covered Employees” means all employees of Securus and the Securus Entities who perform or directly supervise the performance of duties that relate to Securus’ or the Securus Entities’ respective responsibilities under the Communications Laws.
- (h) “Effective Date” means the date by which all of the following have been accomplished: the Commission and the Companies have signed the Consent Decree and the Commission has released the Adopting Order adopting this Consent Decree.
- (i) “Investigation” means the investigation commenced by the Bureau in File No. EB-IHD-17-00025128 regarding whether Securus, the Securus Entities, and/or their Subsidiaries violated Sections 1.17 and 1.65 of Commission’s Rules.
- (j) “Operating Procedures” means the standard internal operating procedures and compliance policies established by Securus and the Securus Entities to implement the Compliance Plan.
- (k) “Parties” means Securus and each of the Securus Entities and the Commission, each of which is a “Party.”
- (l) “Rules” means the Commission’s regulations found in Title 47 of the Code of Federal Regulations.
- (m) “Securus” means Securus Technologies, Inc., a Delaware corporation, and its corporate subsidiaries, predecessors-in-interest, and successors-in-interest.
- (n) “The Securus Entities” means Securus Investment Holdings, LLC, T-NETIX, Inc., T-NETIX Telecommunications Services, Inc., CellBlox Acquisitions, LLC and their corporate subsidiaries, predecessors-in-interest, and successors-in-interest.
- (o) “State Regulatory Authority” means any state governmental agency that has jurisdiction to approve of or disapprove of the pending transfer of control of Securus Technologies, Inc., Securus Investment Holdings, LLC, T-NETIX, Inc., T-NETIX Telecommunications Services, Inc., *et. al.*, to SCRS Acquisition Corporation.
- (p) “Subsidiary” means each entity that is subject to the transfer of control application filed on May 11, 2017, for which Securus or any of the Securus Entities is the parent company.

## II. BACKGROUND

3. The Commission requires all applicants to file accurate and true information in their FCC transfer of control applications, which the Commission uses to evaluate whether it is appropriate for the Commission to grant such applications based on the applicants’ basic and other qualifications and technical capabilities. Section 1.17(a)(2) of the Rules states no one subject to Commission jurisdiction shall provide in writing any “material factual information that is incorrect or omit material information that is necessary to prevent any material factual statement that is made from being incorrect or misleading.”<sup>3</sup> Section 1.65(a) of the Rules states that “[e]ach applicant is responsible for the continuing accuracy and completeness of information furnished in a pending application or in Commission proceedings involving a pending application.”<sup>4</sup>

4. On May 11, 2017, Securus filed an application for Commission approval to transfer multiple Domestic Section 214 and International Section 214 Authorizations from Securus Investment

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<sup>3</sup> 47 C.F.R. § 1.17(a)(2).

<sup>4</sup> 47 C.F.R. § 1.65(a).

Holdings, LLC to Platinum Equity, LLC in Platinum Equity, LLC's acquisition of the Company. The public notice for Securus' application was released on May 23, 2017.<sup>5</sup>

5. In a joint letter to Commission Chairman Ajit Pai, dated July 26, 2017, from Richard A. Smith, Chief Executive Officer of Securus, and certain other participants of the acquisition, the executives requested Chairman Pai's help in speeding Commission approval of the Company's May 11, 2017 transfer of control application. According to Securus, Securus Investment Holdings, LLC and Platinum Equity, LLC had scheduled a closing date of August 1, 2017, for completing the acquisition, and that "substantial costs" would be incurred for each day after August 1, 2017.<sup>6</sup>

6. In the Securus Letter, the Company represented to Chairman Pai that, "we have received approvals for 48 of 48 state money license transfer approvals, Hart Scott Rodino Justice Department approval, and all necessary State/PSC/PUC approvals."<sup>7</sup> That statement, however, was not accurate on its face when it was made because Alaska, California, Mississippi, and Pennsylvania had not yet approved the transfer of control from Securus Investment Holdings, LLC to Platinum Equity, LLC.<sup>8</sup> According to Securus, what the Company meant with regard to "all necessary State/PSC/PUC approvals" was that all pre-closing conditions for the acquisition had been met pursuant to the governing transaction agreement.<sup>9</sup> Pursuant to the purchase agreement between Securus Investment Holdings, LLC and Platinum Equity, LLC, closing was conditioned upon the Company receiving State Regulatory Authority approvals from Georgia, New York, Minnesota, and Pennsylvania. Under the Company's own interpretation, however, it was necessary for it to again clarify the record to account for the pendency, as of July 26, 2017, of the Pennsylvania Public Utility Commission's (PA PUC) transfer of control approval.<sup>10</sup> The PA PUC subsequently approved the Securus transfer of control component on July 31, 2017.<sup>11</sup>

7. The Commission and Securus, along with the Securus Entities, desire to resolve this investigation and the related disputes without engaging in further litigation on the terms and subject to the conditions hereinafter set forth.

### III. TERMS OF AGREEMENT

8. **Adopting Order.** The provisions of this Consent Decree shall be incorporated by the Commission in an Adopting Order.

9. **Jurisdiction.** Securus and each of the Securus Entities agree that the Bureau has jurisdiction over it and the matters contained in this Consent Decree and has the authority to enter into and adopt this Consent Decree.

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<sup>5</sup> 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, Public Notice, DA 17-500 (rel. May 23, 2017).

<sup>6</sup> Letter from Richard A. Smith, Chief Executive Officer, Securus Technologies, Inc., Manfred Affenzeller, Managing Director, Deutsche Bank, and Azra Kanji, Partner, ABRY Partners, to The Honorable Ajit Pai, Chairman, Federal Communications Commission (July 26, 2017) (Securus Letter)

<sup>7</sup> See Securus Letter.

<sup>8</sup> Response to Letter of Inquiry from Paul C. Besozzi, Counsel to Securus Investment Holdings, LLC, Securus Technologies, Inc., T-NETIX, Inc. and T-NETIX Telecommunications Services, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission at 13 (September 8, 2017) (on file in EB-IHD-17-00025128) (Securus LOI Response). As of September 8, 2017, the Alaska approval was still pending, the California approval was completed on August 24, 2017, the Mississippi approval was completed on August 1, 2017, and the Pennsylvania approvals were completed on June 5, 2017, and July 31, 2017.

<sup>9</sup> Securus LOI Response at 9.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

10. **Effective Date; Violations.** The Parties agree that this Consent Decree shall become effective on the Effective Date as defined herein. As of the Effective Date, the Parties agree that this Consent Decree shall have the same force and effect as any other order of the Commission.

11. **Termination of Investigation.** In express reliance on the covenants and representations in this Consent Decree and to avoid further expenditure of public resources, the Commission agrees to terminate the Investigation. In consideration for the termination of the Investigation, Securus and the Securus Entities, on behalf of each Subsidiary, each agrees to the terms, conditions, and procedures contained herein. The Commission further agrees that, in the absence of new material evidence, it will not use the facts developed in the Investigation through the Effective Date, or the existence of this Consent Decree, to institute, on its own motion, any new proceeding, formal or informal, or take any action on its own motion against Securus or the Securus Entities concerning the matters that were the subject of the Investigation. The Commission also agrees that, in the absence of new material evidence, it will not use the facts developed in the Investigation through the Effective Date, or the existence of this Consent Decree, to institute on its own motion any proceeding, formal or informal, or to set for hearing the question of basic qualifications of Securus or the Securus Entities to be a Commission licensee or hold Commission licenses or authorizations.<sup>12</sup>

12. **Compliance Officer.** Within thirty (30) calendar days after the Effective Date, Securus and the Securus Entities each shall provide the contact information for a senior corporate manager with the requisite corporate and organizational authority who serves as a Compliance Officer and who discharges the duties set forth below. The person designated as a Compliance Officer shall be responsible for developing, implementing, and administering the Compliance Plan and ensuring that Securus or the Securus Entities, as the case may be, complies with the terms and conditions of the Compliance Plan and this Consent Decree. In addition to the general knowledge of the Communications Laws necessary to discharge his or her duties under this Consent Decree, the Compliance Officer shall have specific knowledge of the Rules applicable to the Company's written communications with the Commission, including 47 C.F.R. §§ 1.17 and 1.65, prior to assuming his or her duties.

13. **Compliance Plan.** Securus and the Securus Entities each agree that they shall, within thirty (30) calendar days after the Effective Date, develop and implement a Compliance Plan designed to ensure future compliance with the Communications Laws, including 47 C.F.R. §§ 1.17 and 1.65, and with the terms and conditions of this Consent Decree. With respect to future communications with the Commission and its staff, Securus and the Securus Entities each will implement, at a minimum, the following procedures:

- (a) **Operating Procedures.** Within sixty (60) calendar days after the Effective Date, Securus and the Securus Entities shall establish Operating Procedures that all Covered Employees must follow to help ensure Securus' and the Securus Entities' compliance with 47 C.F.R. §§ 1.17 and 1.65. Securus' and the Securus Entities' Operating Procedures shall include, at a minimum, the following provisions: (i) no proposed written statement shall be submitted to or filed with the Commission by any Covered Employee unless such statement or submission is first reviewed and approved by each Securus Entity's internal legal counsel and such approval is duly noted on the proposed written communication; and (ii) unless otherwise expressly approved by each Securus Entity's internal legal counsel or for routine reporting or other submissions listed in the Compliance Manual, all documentation submitted to the Commission should only be submitted by each Securus Entity's internal or designated outside legal counsel.
- (b) **Compliance Manual.** Within sixty (60) calendar days after the Effective Date, the Compliance Officer shall develop and distribute a Compliance Manual to all

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<sup>12</sup> See 47 CFR 1.93(b).

Covered Employees. The Compliance Manual shall set forth 47 C.F.R. §§ 1.17 and 1.65, together with the Operating Procedures that Covered Employees shall follow to help ensure each Securus Entity's compliance with those Rules. Each Securus Entity shall periodically review and revise the Compliance Manual as necessary to ensure that the information set forth therein remains current and accurate. Securus and the Securus Entities shall distribute any revisions to the Compliance Manual promptly to all Covered Employees.

- (c) **Compliance Training Program**. Securus and the Securus Entities shall establish and implement a Compliance Training Program to ensure compliance with 47 C.F.R. §§ 1.17 and 1.65 and the Operating Procedures. As part of the Compliance Training Program, Covered Employees shall be advised of each Securus Entity's obligation to report any noncompliance with 47 C.F.R. §§ 1.17 and 1.65 under paragraph 14 of this Consent Decree and shall be instructed on how to disclose noncompliance to the Compliance Officer. All Covered Employees shall be trained pursuant to the Compliance Training Program within sixty (60) calendar days after the Effective Date, except that any person who becomes a Covered Employee at any time after the initial Compliance Training Program shall be trained within thirty (30) calendar days after the date such person becomes a Covered Employee. Securus and the Securus Entities shall repeat compliance training on an annual basis, and shall periodically review and revise the Compliance Training Program as necessary to ensure that it remains current and complete and to enhance its effectiveness.

14. **Reporting Noncompliance**. Securus and the Securus Entities shall report any noncompliance with Sections 1.17 and/or 1.65 of the Rules occurring after the Effective Date and with the terms and conditions of this Consent Decree within fifteen (15) calendar days after discovery of such noncompliance. Such reports shall include a detailed explanation of: (i) each instance of noncompliance; (ii) the steps that Securus or the Securus Entities, as the case may be, has taken or will take to remedy such noncompliance; (iii) the schedule on which such remedial actions will be taken; and (iv) the steps that the Securus or the Securus Entities, as the case may be, has taken or will take to prevent the recurrence of any such noncompliance. All reports of noncompliance shall be submitted to Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12<sup>th</sup> Street, SW, Washington, DC 20554, with a copy submitted electronically to Jeffrey J. Gee at Jeffrey.Gee@fcc.gov and Greg Haledjian at Gregory.Haledjian@fcc.gov.

15. **Compliance Reports**. Securus and the Securus Entities shall file compliance reports with the Commission ninety (90) calendar days after the Effective Date, twelve (12) months after the Effective Date, twenty-four (24) months after the Effective Date, and thirty-six (36) months after the Effective Date.

- (a) Each Compliance Report shall include a detailed description of efforts made by Securus and the Securus Entities during the relevant period to comply with the terms and conditions of this Consent Decree and Sections 1.17 and 1.65 of the Rules. In addition, each Compliance Report shall include a certification by the Compliance Officer, as an agent of and on behalf of Securus or the Securus Entities, as the case may be, stating that the Compliance Officer has personal knowledge that Securus or the Securus Entities: (i) has established and implemented the Compliance Plan; (ii) has utilized the Operating Procedures since the implementation of the Compliance Plan; and (iii) is not aware of any instances of noncompliance with the terms and conditions of this Consent Decree, including the reporting obligations set forth in paragraph 14 of this Consent Decree.
- (b) The Compliance Officer's certification shall be accompanied by a statement explaining the basis for such certification and shall comply with Section 1.16 of the

Rules and be subscribed to as true under penalty of perjury in substantially the form set forth therein.<sup>13</sup>

- (c) If the Compliance Officer cannot provide the requisite certification, the Compliance Officer, as an agent of and on behalf of Securus or the Securus Entities, shall provide the Commission with a detailed explanation of the reason(s) why and describe fully: (i) each instance of noncompliance; (ii) the steps that Securus or the Securus Entities has taken or will take to remedy such noncompliance, including the schedule on which proposed remedial actions will be taken; and (iii) the steps that Securus or the Securus Entities has taken or will take to prevent the recurrence of any such noncompliance, including the schedule on which such preventive action will be taken.
- (d) All Compliance Reports shall be submitted Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12<sup>th</sup> Street, SW, Washington, DC 20554, with a copy submitted electronically to Jeffrey J. Gee at Jeffrey.Gee@fcc.gov and Greg Haledjian at Gregory.Haledjian@fcc.gov.

16. **Termination Date.** Unless stated otherwise, the requirements set forth in paragraphs 12 through 15 of this Consent Decree shall expire thirty-six (36) months after the Effective Date.

17. **Civil Penalty.** Securus and the Securus Entities will pay a civil penalty, for which they are jointly and severally liable, to the United States Treasury in the amount of \$1,700,000 within thirty (30) calendar days of the Effective Date. Securus and the Securus Entities shall send electronic notification of payment to Jeffrey J. Gee at Jeffrey.Gee@fcc.gov and Greg Haledjian at Gregory.Haledjian@fcc.gov on the date said payment is made. The payment must be made by check or similar instrument, wire transfer, or credit card, and must include the Account Number and FRN referenced above. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.<sup>14</sup> When completing the FCC Form 159, enter the Account Number in block number 23A (call sign/other ID) and enter the letters “FORF” in block number 24A (payment type code). Below are additional instructions that should be followed based on the form of payment selected:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payments (along with the completed Form 159) must be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment. The completed Form 159 must then be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

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<sup>13</sup> 47 CFR § 1.16.

<sup>14</sup> An FCC Form 159 and detailed instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.



Questions regarding payment procedures should be addressed to the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

18. **Waivers.** As of the Effective Date, Securus and the Securus Entities each waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal or stay, or to otherwise challenge or contest the validity of this Consent Decree and the Adopting Order. Securus and the Securus Entities shall retain the right to challenge Commission interpretation of the Consent Decree or any terms contained herein. If any Party (or the United States on behalf of the Commission) brings a judicial action to enforce the terms of the Consent Decree or the Adopting Order, neither Securus, the Securus Entities, nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and Securus and the Securus Entities shall waive any statutory right to a trial *de novo*. Securus and the Securus Entities each hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act<sup>15</sup> relating to the matters addressed in this Consent Decree.

19. **Severability.** The Parties agree that if any of the provisions of the Consent Decree shall be held unenforceable by any court of competent jurisdiction, such unenforceability shall not render unenforceable the entire Consent Decree, but rather the entire Consent Decree shall be construed as if not containing the particular unenforceable provision or provisions, and the rights and obligations of the Parties shall be construed and enforced accordingly.

20. **Invalidity.** In the event that this Consent Decree in its entirety is rendered invalid by any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.

21. **Subsequent Rule or Order.** The Parties agree that if any provision of the Consent Decree conflicts with any subsequent Rule or Order adopted by the Commission (except an Order specifically intended to revise the terms of this Consent Decree to which Securus and the Securus Entities do not expressly consent) that provision will be superseded by such Rule or Order.

22. **Successors and Assigns.** Securus and the Securus Entities each agrees that the provisions of this Consent Decree shall be binding on its successors, assigns, and transferees.

23. **Final Settlement.** The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties with respect to the Investigation. The Parties further agree that this Consent Decree does not constitute and shall not be construed as either an adjudication on the merits or a factual or legal finding or determination regarding any compliance or noncompliance with the requirements of the Communications Laws. The Parties also agree that this Consent Decree does not constitute an admission of liability by the Company or the Securus Entities or a concession by the Commission that its Investigation was not well-founded.

24. **Modifications.** This Consent Decree cannot be modified without the advance written consent of all Parties.

25. **Paragraph Headings.** The headings of the paragraphs in this Consent Decree are inserted for convenience only and are not intended to affect the meaning or interpretation of this Consent Decree.

26. **Authorized Representative.** Each Party represents and warrants to the other that it has full power and authority to enter into this Consent Decree. Each person signing this Consent Decree on behalf of a Party hereby represents that he or she is fully authorized by the Party to execute this Consent Decree and to bind the Party to its terms and conditions.

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<sup>15</sup> See 5 U.S.C. § 504; 47 CFR §§ 1.1501–1.1530.

27. **Counterparts.** This Consent Decree may be signed in counterpart (including electronically or by facsimile). Each counterpart, when executed and delivered, shall be an original, and all of the counterparts together shall constitute one and the same fully executed instrument.

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Rosemary C. Harold  
Chief  
Enforcement Bureau

\_\_\_\_\_  
Date

\_\_\_\_\_  
Richard A. Smith  
Chief Executive Officer  
Securus Technologies, Inc.

\_\_\_\_\_  
Date

On behalf of:

Securus Technologies, Inc.  
Securus Investment Holdings, LLC  
T-NETIX, Inc.  
T-NETIX Telecommunications Services, Inc.  
CellBlox Acquisitions, LLC

**STATEMENT OF  
CHAIRMAN AJIT PAI**

Re: *Joint Application of Securus Investment Holdings, LLC, Securus Technologies, Inc., T-NETIX, Inc. and SCRS Acquisition Corporation for Grant of Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, and Sections 63.04 and 63.24 of the Commission's Rules to Transfer Indirect Ownership and Control of Licensees, WC Docket No. 17-126; Securus Technologies, Inc., et al., File No.: EB-IHD-17-000225128*

This action could have occurred months ago. Yet one of the Applicants chose to misrepresent facts to the Commission. A lack of candor with the Commission is a very serious matter, and there must be a strong deterrent to such misconduct.

So as we approve this transaction from which we find no competitive harms, we also have a consent decree with Securus that both punishes its untruthfulness and serves as a strong deterrent to others who would mislead the agency.

I believe the purpose of this misrepresentation was to speed the approval of this transaction. But it ended up having the opposite effect. Those doing business in front of the agency should take note of that fact. They should also note that while Applicants urged quick approval to avoid incurring fees, in the companion decree Securus will pay a civil penalty of \$1.7 million because of their lack of candor, a particularly large amount for this type of violation.

Lastly, it's important to understand that none of the conditions that it's been suggested we impose here are transaction-specific — that is they having nothing to do with remedying a transaction-specific harm. And as the standard of review in this document makes clear, a transaction is not an opportunity to apply extraneous conditions upon a licensee.

**JOINT DISSENTING STATEMENT OF COMMISSIONERS  
MIGNON L. CLYBURN AND JESSICA ROSENWORCEL**

Re: *Joint Application of Securus Investment Holdings, LLC, Securus Technologies, Inc, T-NETIX, Inc., T-NETIX Telecommunications Services, Inc. and SCRS Acquisition Corporation for Grant of Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, and Sections 63.04 and 63.24 of the Commission's Rules to Transfer Indirect Ownership and Control of Licensees*, WC Docket No. 17-126; *Securus Technologies, Inc., et al.*, File No.: EB-IHD-17-000225128

Today, the FCC's majority gives its blessing to an approximately \$1.6 billion deal involving Securus, one of the nation's largest providers of inmate calling services. This is the same company that attempted to mislead the Chairman into prematurely granting its transaction. For violating our rules, and our trust, the Commission also adopts a consent decree that is worth:

- 0.1% of the value of the transaction;
- 0.39% of the company's 2015 revenues; and
- 0.12% of the kickbacks Securus paid to correctional facilities from 2004-2014.

To give an idea of how relatively small this penalty is, consider that we routinely fine companies up to several percent of their gross annual revenues for egregious infractions of our rules.

But to anyone familiar with how this company operates, this is unsurprising. It is a company that has shown it is willing to operate on the bleeding edge of legality when it comes to this agency's rules. For example, when the FCC banned connection fees, this company simply renamed them "first minute rates" and continued to charge them. This is unacceptable and wrong.

Is this transfer of control and consent decree just a slap on the wrist? More like a pat on the back. And it is precedent-setting. Until now, the FCC has never granted a transfer of control when a company has made misrepresentations during the review process. We could have adopted conditions on the transaction to mitigate public interest harms. Indeed, we suggested several, but the Chairman respectfully declined to act on any of them, including a condition to ensure that the company could not decline to serve incarcerated people with disabilities.

When it comes to the plight of prisoners and their families paying usurious rates for phone service, the current leadership of the Commission has not made a single move to help. Instead, we've seen a string of half-hearted words that add up to a refusal by the Commission to do its job under the law. This Commission is failing in its duty to protect prisoners and their families from usurious phone rates.

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Unfortunately, disregard for inmates and their families is not the only thing wrong with this item.

The Communications Act instructs the Commission to consider the public interest when it reviews a transaction. A deeply-rooted preference to protect and promote competition in relevant markets, accelerate deployment of advanced services, ensure a diversity of license holdings, and manage spectrum in the public interest, have traditionally been a part of this consideration. However, today's item sets an ominous precedent by narrowing the Commission's standard of review to effectively take the public interest out of the equation. By doing so, we shirk our responsibility under the Act.

For all of the above reasons, we dissent.