

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3124
of T-NETIX, Inc. of Carrollton,)
Texas, seeking to transfer) GRANTED
control to TZ Holdings, Inc. of)
Miami, Florida.)
) Entered: March 30, 2004

BY THE COMMISSION:

On February 17, 2004, an application was filed by T-NETIX, Inc. (T-NETIX) of Carrollton, Texas, seeking to transfer control of T-NETIX to TZ Holdings, Inc. (TZ) of Miami, Florida. Notice of the application was published in The Daily Record, Omaha, Nebraska, on February 23, 2004. 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:

T-NETIX, a Delaware corporation, was granted a certificate to operate as an alternate operator service provider in the State of Nebraska on February 10, 1997 in Docket No. C-1441. T-NETIX does not currently conduct any regulated retail operations in Nebraska. T-NETIX Telecommunications Services, Inc. (TTS) is a wholly-owned subsidiary of T-NETIX. TTS, formerly known as Gateway Technologies, Inc., was granted a certificate to operate as a resale common carrier of intrastate interexchange telecommunications services in Nebraska on September 17, 1996 in Docket No. C-1353. TTS currently provides regulated services in Nebraska.

TZ is a Delaware corporation and does not currently hold any certificates of authority to provide telecommunications services in Nebraska. TZ is a holding corporation organized for the purpose of holding TZ Acquisition, Inc. formed for the purpose of merging with T-NETIX.

H.I.G. Capital Partners III, L.P. (HIG), a Delaware limited partnership, (HIG) is the ultimate parent of TZ.

Description of the Transaction:

Grant of the requested authority will permit consummation of a transaction whereby TZ will acquire 100 percent of the

outstanding shares of Common Stock in T-NETIX. T-NETIX will remain a separate operating company, but will ultimately become a wholly-owned subsidiary of TZ. Neither TZ nor HIG will operate directly in Nebraska as a telecommunications services provider. Both T-NETIX and its subsidiary, TTS, will remain separate certificated companies in Nebraska. All telecommunications services in Nebraska will be provided by TTS.

The proposed transfer will not change TTS's name, rates and service offerings, customer service numbers, physical assets, property, or personnel. Neither T-NETIX nor TTS have presubscribed customers and its inmate customers are not directly affected by the proposed transaction. Therefore, no direct customer notice is contemplated.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3124 be, and it is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 30th day of March 2004.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director