

In 2008, the Company entered into an amended agreement with the previous stockholder of Syscon to amend the Syscon Purchase Agreement. Pursuant to the new agreement, the former stockholder's Employment Agreement with Syscon was terminated and Syscon entered into a Consulting Agreement with a company controlled by the former owner. The Consulting Agreement covers certain management and advisory and other services to be provided over a period of three years, for which Syscon will pay a total of approximately \$1,090,000 in fees. In 2008, the Company paid \$0.5 million to an affiliate of the former stockholder for professional software development consulting services. In 2009, the Company paid \$0.2 million to the former stockholder related to the provisions of the Consulting Agreement.

(10) COMMITMENTS AND CONTINGENCIES

(a) Operating Leases

The Company leases office space and certain office equipment under operating lease agreements. Most of our lease terms have escalation clauses and renewal options, typically equal to the lease term. The Company accounts for escalating rents on a straight-line basis over the life of the lease. Rent expense under operating lease agreements for the year ended December 31, 2007, 2008, and 2009 was approximately \$2.5 million, \$3.4 million and \$3.8 million, respectively. Future minimum lease payments under these lease agreements for each of the next five years and thereafter are summarized as follows (in thousands):

Year Ended December 31:	
2010	\$ 3,518
2011	2,144
2012	2,016
2013	1,779
2014	1,794
Thereafter	450
Total minimum lease payments	<u>\$ 11,701</u>

(b) Minimum Guaranteed Payments

The Company records a liability for guarantees, including indirect guarantees of indebtedness of others, at the estimated fair value of the guarantee obligations and discloses the maximum amount that could be paid under the guarantee obligation.

The Company is required to make the following minimum commission payments to certain of its correctional facility customers regardless of the level of revenues generated by the Company on those contracts as follows (in thousands):

Year Ended December 31:	
2010	\$ 3,367
2011	720
2012	488
2013	98
2014	-
Total minimum commission payments	<u>\$ 4,673</u>

As of December 31, 2009, the Company did not meet the minimum requirements for certain correctional facilities customers and therefore, the Company recorded \$0.1 million in accrued liabilities. The Company cannot guarantee that it will generate sufficient revenues from these contracts in future periods to offset these guaranteed minimum payments.

Accudata Technologies, a former affiliated company, provides validation services to the Company. In August 2007, Accudata purchased the Company's 50% interest in its preferred stock for \$1.0 million. In connection with the sale of our interest in Accudata, the Company agreed to continue to conduct business at market rates with Accudata for at least thirty-six months. Minimum monthly payments for validation services are \$85,000 for the first twelve months, \$56,667 for the second twelve months, and \$28,333 for the third twelve months. The Company paid Accudata \$1.0 million and \$0.7 million for the twelve months ended December 31, 2008 and 2009, respectively. The maximum amount of the commitment is \$2.0 million, of which \$1.8 million has been paid as of December 31, 2009.

In 2008, the Company entered into an agreement with a telecommunications vendor, primarily for local and long distance services, whereby the Company guaranteed a minimum annual purchase commitment over a three year period. As of December 31, 2009, the minimum purchase commitment is \$1.9 million annually. Additionally, the Company entered into an agreement with another telecommunications provider for the purchase of custom carrier services, whereby the Company guaranteed a minimum purchase commitment over a one year period. The Company satisfied the minimum purchase commitment of \$3.8 million during 2009.

(c) Employment Agreements

As of December 31, 2009, the Company had employment agreements with certain key management personnel, which provided for minimum compensation levels and incentive bonuses along with provisions for termination of benefits in certain circumstances and for certain severance payments in the event of a change in control (as defined).

(d) Litigation

We have been, and expect to continue to be, subject to various legal and administrative proceedings or various claims in the normal course of business. We believe the ultimate disposition of these matters will not have a material effect on our financial condition, liquidity, or results of operations.

From time to time, inmate telecommunications providers, including the Company, are parties to judicial and regulatory complaints and proceedings initiated by inmates, consumer protection advocates or individual called parties alleging, among other things, that excessive rates are being charged with respect to inmate collect calls, that commissions paid by inmate telephone service providers to the correctional facilities are too high, that a call was wrongfully disconnected, that security notices played during the call disrupt the call, that the billed party did not accept the collect calls for which they were billed or that rate disclosure was not provided or was inadequate. On occasion, we are also the subject of regulatory complaints regarding our compliance with various matters including tariffing, access charges, payphone compensation requirements and rate disclosure issues. In March 2007, the FCC asked for public comment on a proposal from an inmate advocacy group to impose a federal rate cap on interstate inmate calls. This proceeding could have a significant impact on the rates that we and other companies in the inmate telecommunications industry may charge. Similar proposals have been pending before the FCC for more than four years without action by the agency. This newest proceeding remains under review by the FCC and has received strong opposition from the inmate telecommunications industry. In August 2008, a group of inmate telephone service providers provided the FCC with an "industry wide" cost of service study for their consideration. That proceeding remains ongoing and we have no information as to when, if ever, it will be resolved. We cannot predict the outcome at this time.

In June 2000, T-Netix was named, along with AT&T, in a lawsuit in the Superior Court of King County, Washington, in which two private citizens allege violations of state rules requiring pre-connect audible disclosure of rates as required by Washington statutes and regulations. T-Netix and other defendants successfully obtained dismissal and a "primary jurisdiction" referral in 2002. In 2005, after several years of inactivity before the Washington Utilities and Transportation Commission ("WUTC"), the state telecommunications regulatory agency, T-Netix prevailed at the trial court in securing an order entering summary judgment on grounds of lack of standing, but that decision was reversed by an intermediate Washington state appellate court in December 2006. T-Netix's subsequent petition for review by the Washington Supreme Court was denied in January 2008, entitling plaintiffs to continue to pursue their claims against T-Netix and AT&T. This matter was referred to the WUTC on the grounds of primary jurisdiction, in order for the WUTC to determine various regulatory issues. On May 22, 2008, AT&T filed with the trial court a cross-claim against T-Netix seeking indemnification. T-Netix moved to dismiss AT&T's cross-claim, but the court denied that motion and deferred resolution of whether AT&T's belated indemnification claim is within the statute of limitations for summary judgment. Motions by both T-Netix and AT&T for summary determination were briefed to the WUTC in September 2009 and remain pending before an administrative law judge. As merits and damages discovery are not completed, however, we cannot estimate the Company's potential exposure or predict the outcome of this dispute.

In July 2009, Evercom filed a complaint against Combined Public Communications, Inc. ("CPC"), alleging tortious interference with Evercom's contracts for the provision of telecommunications services with correctional facilities in the Commonwealth of Kentucky and the State of Indiana. Evercom claims CPC has misrepresented that the correctional facility

has a statutory right to terminate its contract with Evercom upon the election of a new Sheriff. Accordingly, Evercom seeks a declaration that under Kentucky law its contracts with its customers are not personal services contracts and that under both Indiana and Kentucky law, its contracts with correctional facilities are not void for not being terminable within thirty days, as well as an award of compensatory and punitive damages. On July 29, 2009, CPC filed a motion to dismiss for failure to state a claim. On August 14, 2009, Evercom filed its response in opposition to dismiss, and on September 9, 2009, the court denied CPC's motion to dismiss. On January 8, 2009, the court entered a scheduling order setting forth the pre-trial deadlines. This matter is in its early stages and we cannot predict the outcome at this time.

In July 2009, the Company filed a petition with the FCC seeking affirmation of the Company's right to block attempts by inmates to use services, which the Company calls "call diversion schemes," designed to circumvent its secure calling platforms. These illicit services are not permitted to carry calls from any correctional facility, and the Company has received strong support from its correctional authority clients to stop this activity. The FCC has long-standing precedent that permits inmate telecommunications service providers to block such attempts. The FCC had asked that interested parties file comments to the Company's petition by August 31, 2009; and thereafter, the Company filed reply comments. This matter is in its early stages and we cannot predict the outcome at this time.

In September 2009, T-Netix filed suit against CPC in the United States Federal District Court for the Western District of Kentucky, for patent infringement of various T-Netix patents. The court has scheduled a Rule 26(f) scheduling conference for February 10, 2010 and the parties are negotiating an agreed discovery plan to present at the hearing. This matter is in its early stages and we cannot predict the outcome at this time.

In October 2009, T-Netix filed suit in the United States Federal District Court for the Eastern District of Texas against Pinnacle Public Services, LLC for patent infringement of various T-Netix patents. Pinnacle has served its answer and filed a motion to transfer venue to the Northern District of Texas. This matter is in its early stages and we cannot predict the outcome at this time.

In October 2009, the Company, along with Evercom and T-Netix, and one of the Company's competitors were sued in the Federal District Court for the Southern District of Florida by Millicorp d/b/a ConsCallHome. Millicorp, a proprietor of what the Company has described to the FCC as a call diverter, has sued these companies under the Communications Act of 1934, alleging that the companies have no right to block attempts by inmates to use the call diversion scheme. The FCC has permitted inmate telecommunications service providers to block such attempts since 1991, and the Company had sought reaffirmance of that permission in the petition for declaratory ruling described above. All defendants have filed motions to dismiss all claims with prejudice. Discovery has not yet commenced. This matter is in its early stages and we cannot predict the outcome at this time.

In October 2009, the Company filed suit in the District Court of Dallas County, Texas, against Lattice Incorporated ("Lattice", formerly known as Science Dynamics Corporation) alleging breach of contract, tortious interference, unfair competition, damage to goodwill and injunctive relief as a result of Lattice's breach of certain provisions of a December 2003 asset purchase agreement between Evercom and Science Dynamics Corporation. On October 2, 2009, the court issued a temporary restraining order against Lattice, and ordered Lattice to immediately cease and desist from, among other things, (i) renewing any customer contracts in the law enforcement industry; (ii) marketing, selling or soliciting, directly or indirectly, any of its products and/or services to any customers in the law enforcement industry; and (iii) interfering with any of the Company's business relationships in the law enforcement industry in the United States. On January 4, 2010, the parties entered into a settlement agreement and mutual release, and a patent license agreement wherein Lattice was granted a license to use one (1) of the Company's patents.

In January 2010, T-Netix and Evercom filed suit in the United States Federal District Court for the Eastern District of Texas against Legacy Long Distance International, Inc. dba Legacy International, Inc. and Legacy Inmate Communications for patent infringement of various T-Netix's and Evercom's patents. This matter is in its early stages and we cannot predict the outcome at this time.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During fiscal year 2009, the Company dismissed KPMG LLP ("KPMG") as its principal accountant to audit its financial statements. The Audit Committee of the board of directors of the Company approved the change in principal accountants. In April 2009, the Company engaged McGladrey & Pullen, LLP ("McGladrey") as its principal accountant to audit the Company's financial statements. During the two most recent fiscal years ended December 31, 2008 and the subsequent interim period in 2009, the Company had not consulted with McGladrey regarding any of the following: (1) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that McGladrey concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue, or (2) any matter that was either the subject of a disagreement (as defined in paragraph 304(a)(1)(iv) and the related instructions to Item 304 of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

During the two most recent fiscal years ended December 31, 2008 and the subsequent interim period in 2009, there were no disagreements between KPMG and the Company on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of KPMG, would have caused it to make a

reference to the subject matter of any such disagreement with its report. No reportable events, as defined in Item 304(a)(1) (v) of Regulation S-K, occurred within the Company's two most recent fiscal years ended December 31, 2008 and the subsequent interim period in 2009.

ITEM 9A. CONTROLS AND PROCEDURES**1. Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Disclosure Committee and management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

2. Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria described in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management concluded that we maintained effective internal control over financial reporting as of December 31, 2009.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009 has been audited by an independent registered public accounting firm, as stated in their report which appears herein.

3. Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the period ended December 31, 2009, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Securus Technologies, Inc.

We have audited Securus Technologies, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Securus Technologies, Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with United States generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Securus Technologies, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the December 31, 2009 consolidated balance sheet and the related consolidated statements of operations, stockholders' deficit and comprehensive loss, and cash flows for the year then ended of Securus Technologies, Inc. and Subsidiaries and our report dated March 15, 2010 expressed an unqualified opinion.

McGladrey & Pullen, LLP
Dallas, Texas
March 15, 2010

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATION GOVERNANCE**

The following is a list of our executive officers, other senior executives and directors as of March 1, 2010. All of our directors serve until a successor is duly elected and qualified or until the earlier of his death, resignation or removal. Our executive officers are appointed by and serve at the discretion of our board of directors. There are no family relationships between any of our directors or executive officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Richard A. Smith	58	Chairman, Chief Executive Officer and President
William D. Markert	45	Chief Financial Officer
Dennis J. Reinhold	49	Vice President, General Counsel and Secretary
Arlin B. Goldberg	53	Chief Information Officer
Robert E. Pickens	49	Chief Marketing Officer
Daniel A. Crawford	63	President, Syscon Justice Systems
Joshua E. Conklin	35	Vice President, Sales
Danny de Hoyos	34	Vice President Service and Technical Operations
Kathryn S. Lengyel	41	Vice President, Human Resources
Larry V. Ehlers	55	Vice President, Applications
Patrick W. Broolsma	47	Director of Enterprise Program Management Office & Corporate Development
Anthony A. Tamer	49	Director
Brian D. Schwartz	41	Director
Douglas F. Berman	43	Director
Lewis J. Schoenwetter	39	Director
Samj W. Mnaymneh	50	Director
James Neal Thomas (1)	64	Director
Rob Wolfson	37	Director

(1) Audit Oversight Director.

The following information summarizes the principal occupations and business experience, during the past five years, of each of our directors and executive officers.

Richard A. Smith has served as our President and Chief Executive Officer since June 2008, and as Chairman of the Board since January 2009. Mr. Smith served as the Chief Executive Officer of Eschelon Telecom Inc., a publicly traded local exchange carrier, from August 2003 through August 2007. Mr. Smith also served as Eschelon's President, Chief Financial Officer and Chief Operating Officer during his tenure. Prior to joining Eschelon, Mr. Smith worked for Frontier Corporation where he held many roles, including Controller, Chief Information Officer, President of Frontier Information Technologies, Vice President of Midwest Telephone Operations, Network Plant Operations Director, Director of Business Development and Vice President of Financial Management. Mr. Smith holds an Associate Degree of Applied Science in Electrical Engineering from the Rochester Institute of Technology, a Bachelor of Science degree in Electrical Engineering from the State University of New York at Buffalo, a Masters in Mathematics degree from the State University of New York at Brockport, and a Masters in Business Administration from the University of Rochester's Simon School. Mr. Smith presently serves as a director of Integra Telecom, a privately held local exchange carrier based in Portland, Oregon.

William D. Markert has served as our Chief Financial Officer since June 2008. From December 1999 to November 2007, Mr. Markert held executive level finance positions at Eschelon Telecom, Inc., with his most recent position being Executive Vice President of Network Finance. During Mr. Markert's employment with Eschelon, he was responsible for revenue and cost accounting and reporting, network cost management, carrier access billing and revenue and margin assurance. He also directed various merger and acquisition related projects. Prior to joining Eschelon, Mr. Markert worked for Global Crossing Limited, a publicly traded communications solutions company, in various financial, regulatory and operational management roles. Mr. Markert holds a Baccalaureate in Business Administration from the University of Wisconsin-Whitewater and a Masters in Business Administration from the University of St. Thomas in St. Paul, Minnesota.

Dennis J. Reinhold has served as our Vice President, General Counsel and Secretary since he joined us in August 2005. Prior to joining us in August 2005, Mr. Reinhold served as the Associate General Counsel of SOURCECORP, Inc. (NASDAQ: SRCP), at the time a public company with approximately 7,000 employees worldwide that specialized in business process outsourcing of critical data and documents. In that role, he was responsible for the worldwide legal function of the Business Process Solutions Division, the Statement Solutions Division, the Legal Claims Division and the Direct Mail Division. While at SOURCECORP, he was the company's Chairman of the Juvenile Diabetes Research Foundation, and helped propel SOURCECORP to one of the largest corporate fundraisers for Juvenile Diabetes in the DFW area. Prior to his position at SOURCECORP, Mr. Reinhold served as Division General Counsel/ Director of International Legal Affairs and Assistant Secretary for AAF-McQuay, Inc. Mr. Reinhold has over 20 years of legal experience, both in law firms and in-house positions, with an emphasis in practicing in the areas of corporate and international law. Mr. Reinhold has a J.D. from St. Louis University, a B.S. in Marketing and Business Administration from the University of Illinois and has completed the Advanced Management Program at The Wharton School, University of Pennsylvania. Mr. Reinhold was one of 20 finalists in the 2006 Dallas Business Journal's Best Corporate Counsel Awards, and in 2006, he was awarded a National Leadership Award by the National Republican Congressional Committee. Mr. Reinhold has served on numerous civic organizations, including the Board of Directors for the Louisville Ballet.

Arlin B. Goldberg has served as our Chief Information Officer since September 2008. Mr. Goldberg has over 30 years of telecommunication industry experience. Previously, Mr. Goldberg served as the Executive Vice President of Information Technology for Eschelon Telecom from October 1996 until July 2007. Prior to that, Mr. Goldberg served as Director of Information Services at Frontier Corporation, and also as Director of Information Services for Enhanced TeleManagement, Inc. Early in his career, Mr. Goldberg served in a variety of roles at Norstan Communications Systems, Inc. Mr. Goldberg received his Bachelor of Science in Business degree in Accounting from the University of Minnesota Carlson School of Management.

Robert E. Pickens has served as our Chief Marketing Officer since September 2008. Mr. Pickens has over 18 years of senior level telecommunications experience. Before joining Securus Technologies, Mr. Pickens was Chief Operating Officer of Eschelon Telecom. During his eleven year tenure with that organization, he held leadership positions in marketing, operations, and mergers & acquisitions integration management. Mr. Pickens has a Bachelor of Science in Business degree in Marketing and Management from the University of Minnesota Carlson School Of Management.

Daniel A. Crawford has served as President of Syscon Justice Systems since July 2007. Prior to this position Mr. Crawford held the role of Senior Vice President of Corporate Development for us from December 2006 to June 2007. In 2005, Mr. Crawford held the role of Chairman, CEO and President of Tiburon, Inc. and has held such roles with a number of leading companies in the public safety and criminal justice industries. In 1992, Mr. Crawford founded EPIC Solutions, Inc., which was named an INC 500 fastest growing company. Mr. Crawford has been named Business Leader of the Month by the National Foundation for Enterprise Development, and One of the Most Influential Technology Leaders by the San Diego Business Journal. Mr. Crawford began his professional career in the military as a Naval Aviator. After leaving active duty, Mr. Crawford remained in the Naval Reserves and retired in 1996 with the rank of captain. Mr. Crawford received a Bachelors of Science degree in Business Administration from California State University, Northridge in 1970 and a Masters in Business Administration from Chapman University in 1975. Mr. Crawford also holds a law degree from National University School of Law, and has served on multiple boards of directors.

Joshua E. Conklin has served as our Vice President of Sales since December of 2009. Mr. Conklin has the responsibility for all new and existing facility sales for Securus Technologies, Inc. prior to joining Securus, Mr. Conklin was Senior Vice President and General Manager of California and Nevada for Integra Telecom Inc. In this role, Mr. Conklin had full operational responsibility for Integra Telecom of California and Nevada including sales, customer service, network operations, new customer provisioning, and long haul network operations for the bulk of Integra's network in the western United States. Prior to joining Integra, Mr. Conklin served with Eschelon Telecom Inc. as Senior Director of Network Sales for Colorado, Minnesota, and Utah. In this capacity, Mr. Conklin was responsible for new acquisition sales in over 40% of Eschelon Telecom's network footprint. Mr. Conklin also held several other sales roles within Eschelon including Sales Director, Sales Manager, and Sales Training Manager over his 10-year career with Eschelon. Mr. Conklin holds a Bachelor of Business Administration degree from West Texas A&M University.

Danny de Hoyos has served as Vice President of Customer Service since September 2008. Prior to joining Securus Technologies, Mr. De Hoyos served as Director of Customer Operations for Medica located in Minneapolis, Minnesota. From 2001 through the end of 2007 Mr. de Hoyos was employed by Eschelon Telecom and served as Vice President of Customer Service and Service Delivery. Prior to joining Eschelon, Mr. de Hoyos was Director of Support Services for One World Online in Provo, Utah. Mr. de Hoyos has also held Customer Operations and Call Center Management leadership roles for other technology companies such as Big Planet and Marketing Ally. Mr. de Hoyos has a Bachelor of Science degree from Brigham Young University.

Kathryn S. Lengyel has served as Vice President of Human Resources since June 2007. Prior to joining Securus in July, 2007, Ms. Lengyel held the position of Vice President of Human Resources at Excel Telecommunications from October 2005, where she was an integral part of the company's acquisition of Vartec Telecom. Ms. Lengyel acted in a leadership capacity at Stone Holdings, Inc. where she was the Director of Human Resources from November 1991 until 2005. She has created a successful track record of employee initiatives, leadership and organizational change management. Ms. Lengyel has diverse Human Resources experience in start-ups, growth and M&A situations. Ms. Lengyel holds both a Bachelor of Science degree in Human Development and a Masters of Education degree in Human Resource Development from Vanderbilt University in Nashville, Tennessee.

Larry V. Ehlers has served as the Vice President of Applications since January of 2009. Prior to joining Securus Technologies he was Vice President of OSS & Applications at Eschelon Telecom in Minneapolis, Minnesota from 2005 through 2008 and served as Vice President of Corporate Systems at Advanced Telcom in Salem, Oregon from 2000 through 2005 prior to its acquisition by Eschelon. He was the Director of Information Technology and Operations at Quintessent Communications and a consultant with Network Designs Corporation in Seattle, Washington. Prior to Network Designs Mr. Ehlers served in a variety of Information Technology roles within the manufacturing industry. Mr. Ehlers received his Bachelor of Science degree from Iowa State University and holds several technical certifications.

Patrick W. Brolsma has served as our Director of Enterprise Program Management Office and Corporate Development since November of 2008. Mr. Brolsma has over 15 years of senior level telecommunications experience. Prior to joining Securus, Mr. Brolsma spent eight years with Eschelon Telecom where he held leadership positions in Operations, Marketing, and Mergers & Acquisitions. Before Eschelon Mr. Brolsma held various management positions at US West (Qwest), Sprint Communications and Unisys. Mr. Brolsma has a B.S. degree in Computer Science and Marketing from Minnesota State University in Mankato, Minnesota.

Anthony A. Tamer has served as a member of the board of directors since February 2004. Mr. Tamer is a co-founding Partner of H.I.G. Capital, LLC and serves as a Managing Partner of the firm. Mr. Tamer has been an active investor in a number of industries throughout H.I.G.'s life. Prior to founding H.I.G. in 1993, Mr. Tamer was a partner at Bain & Company, one of the world's leading management consulting firms, and, through Bain Capital, one of the most successful private equity funds in the United States. Mr. Tamer has extensive operating experience particularly in the communications and semiconductor industries, having held marketing, engineering and manufacturing positions at Hewlett-Packard and Embarq (formerly Sprint) Corporation. Mr. Tamer holds an M.B.A. degree from Harvard Business School, and a Masters degree in Electrical Engineering from Stanford University. His undergraduate degree is from Rutgers University. He currently serves on the board of directors of several H.I.G. portfolio companies, none of which are registered filers.

Brian D. Schwartz has served as a member of the board of directors since February 2004 and served as President from February until September 2004. Mr. Schwartz is a Managing Director of H.I.G. Capital Management and HIG Ventures. Since 1994, Mr. Schwartz has led numerous transactions in a diverse set of industries including business services (healthcare and IT), building products, and manufacturing. Prior to joining H.I.G., Mr. Schwartz was a Business Manager in PepsiCo, Inc.'s strategic planning group. Mr. Schwartz began his career with the investment banking firm of Dillon, Read and Co. where he advised clients on transactions encompassing initial public offerings, debt offerings and mergers and acquisitions. Mr. Schwartz earned his M.B.A. from Harvard Business School and his B.S. with honors from the University of Pennsylvania. He currently serves on the board of directors of several H.I.G. portfolio companies, none of which are registered filers.

Douglas F. Berman has served as a member of the Company's board of directors since February 2004. Mr. Berman is a Managing Director at H.I.G. Capital. He has made investments in the manufacturing, telecommunications, and business services industries. Since joining H.I.G. in 1996, Mr. Berman has led a number of industry consolidations, purchasing more than 30 businesses creating several industry-leading companies. Prior to joining H.I.G., Mr. Berman was with Bain & Company, where he managed a variety of projects for Fortune 100 clients, developing expertise in telecommunications, financial services, and manufacturing. Mr. Berman earned a Bachelor of Arts degree, with Honors in Economics, from University of Virginia and his M.B.A. from the Wharton School.

Lewis J. Schoenwetter has served as a member of the board of directors since February 2004 and served as Vice President, until January 1, 2005. Mr. Schoenwetter is a Managing Director at H.I.G. Capital. With more than 10 years of experience in private equity investing, Mr. Schoenwetter has played a significant role in more than 30 acquisitions with an aggregate value in excess of \$2 billion. Prior to joining H.I.G. in April 2003, Mr. Schoenwetter was a director with Levine Leichtman Capital Partners. He currently serves on the board of directors of several H.I.G. portfolio companies, none of which are registered filers.

Sami W. Mnaymneh previously served as a member of the Company's board of directors from February 2004 to August 2007 and was re-appointed to the board of directors in July 2008. Mr. Mnaymneh is a co-founding partner and serves as a Managing Partner of H.I.G. Mr. Mnaymneh has been an active investor in a number of industries throughout H.I.G.'s life. Prior to founding H.I.G. in 1993, Mr. Mnaymneh was a Managing Director at The Blackstone Group, where he specialized in providing financial advisory services to Fortune 100 companies. Mr. Mnaymneh has led over 75 transactions with an aggregate value in excess of \$10 billion. Mr. Mnaymneh earned a B.A. degree from Columbia University and subsequently received a J.D. degree and an MBA degree, with honors, from Harvard Law School and Harvard Business School, respectively. He currently serves on the board of directors of several H.I.G. portfolio companies, none of which are registered filers.

James Neal Thomas has served as a member of the board of directors since May 9, 2005. Mr. Thomas served on the board of directors of Haggard Corp. and chaired its audit committee until November 2005. Until 2000, Mr. Thomas was a senior audit partner of Ernst & Young, LLP, where he began his career in 1968. While at Ernst & Young, Mr. Thomas served mostly Fortune 500 companies including Wal-Mart Stores, Inc., The Williams Companies, Inc. and Tyson Foods, Inc. Mr. Thomas is a retired certified public accountant and holds a degree in accounting from the University of Arkansas.

Rob Wolfson has served as a member of the board of directors since April 2008. Mr. Wolfson has served as Managing Director at H.I.G. Capital, a private equity investment firm that is an affiliate of the Company's majority stockholder, H.I.G. T-Netix, Inc., since October 2008. Mr. Wolfson has more than 10 years of investment, financial services, and senior deal leadership experience across many industries, most notably telecommunications, healthcare and business services. Prior to joining H.I.G. Capital, he was Vice President of Business Development for IPWireless, a wireless infrastructure start-up purchased by Nextwave Wireless. Mr. Wolfson began his career in mergers and acquisitions as a consultant with LEK Consulting, a leading worldwide strategy consulting firm where he worked with Fortune 500 companies, private equity firms and private equity portfolio companies. Mr. Wolfson earned his M.B.A. from Harvard Business School and his B.S. Cum Laude with honors from Northwestern University.

Board Committees

Our board of directors directs the management of our business and affairs as provided by Delaware law and conducts its business through meetings of the full board of directors and a standing meeting with our newly-appointed Audit Oversight Director, who replaced the Audit Committee and operates in the same capacity. During 2009, the board of directors approved the Audit Oversight Charter.

James Neal Thomas serves as the Company's Audit Oversight Director. Mr. Thomas qualifies as a financial expert, as defined by SEC regulations, and is independent, as defined by the National Association of Securities Dealers Rule 4200. The duties and responsibilities of the Audit Oversight Director include the appointment and termination of the engagement of our independent public accountants, otherwise overseeing the independent auditor relationship, reviewing our significant accounting policies and internal controls and reporting his findings to the full board of directors.

In addition, from time to time committees may be established under the direction of the board of directors when necessary to address specific issues.

Compensation Committee Interlocks and Insider Participation

Our board of directors has not established a compensation committee. Consequently, the entire board of directors participates in the determination of our executive officers' compensation. No compensation meetings were held in 2009.

Indemnification Agreements

We have entered into indemnification agreements with certain of our officers and directors which provide for their indemnification and the reimbursement and advancement to them of expenses, as applicable, in connection with actual or threatened proceedings and claims arising out of their status as a director or officer.

Code of Ethics

We have adopted a written code of ethics that applies to our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. Our code of ethics, which also applies to our directors and all of our officers and employees, is filed as exhibit 14.1 to this report.

ITEM 11. EXECUTIVE COMPENSATION**Compensation Committee Report**

We, the members of the Board of Directors of Securus Technologies, Inc., have reviewed and discussed the Compensation Discussion and Analysis with our Company's management. Based upon this review and discussion, the Board recommends that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

BOARD OF DIRECTORS

Richard A. Smith
Anthony A. Tamer
Brian D. Schwartz
Douglas F. Berman
Lewis J. Schoenwetter
Sami W. Mnaymneh
James Neal Thomas
Rob Wolfson

Compensation Discussion and Analysis*Introduction*

We have a simple executive compensation program which is intended to provide appropriate compensation that is strongly tied to our results. The program has only three major components: salary, annual bonus and a restricted stock purchase plan. The program provides executives with a significant amount of variable compensation dependent on our performance. For example, for our chief executive officer, more than half of his potential cash compensation is variable and a significant part of his total potential compensation is via our restricted stock purchase plan.

The compensation program's overall objective is to enable us to obtain and retain the services of highly-skilled executives. The principles of our executive compensation program are reflected in its two variable compensation components: annual bonus and the restricted stock purchase plan. The program seeks to enhance our profitability and value by aligning closely the financial interests of our executives with those of our stockholders. This alignment is created by strongly linking compensation to the achievement of important financial goals. Our ability to reach the financial goals is dependent on strategic activities. However, at the executive level, we measure success in these strategic activities principally by the effect on our financial performance. The compensation program considers the cash flow, accounting and tax aspects to support the financial efficiency of the programs.

The compensation program reflects that we operate with a small team of executives. The executives are each given significant and extensive responsibilities that encompass both our strategic policy and direct day-to-day activities in sales and marketing, finance, legal and regulatory, customer service, product development and other similar activities. The compensation program conditions significant portions of management pay on the achievement of annual (for bonuses) and long term (for restricted stock) financial performance goals.

The compensation packages for executives are designed to promote teamwork by generally using the same performance goal for the annual bonus for all executives. The individual initiative and achievement of an executive is reflected in the level of salary and bonus, which is determined annually by our board of directors. Of course, the primary evaluation of individual performance is made in the decision to retain the services of the executive. If an individual executive is not performing to expectations, the executive is not retained.

Elements of Compensation

Our compensation program has only three principal elements: salary, annual bonus and a restricted stock purchase plan. The remaining compensation paid through employee benefits and perquisites are not significant in amount or as a percentage of any executive's compensation.

Salary. We recognize that paying a reasonable cash salary is necessary to enable us to obtain and retain the services of highly-skilled executives. We believe that a reasonable salary is a component of a well-rounded compensation program.

Annual Bonus. We believe that an annual cash bonus provides a means to measure and, if appropriate, reward elements of corporate performance that are closely related to the efforts of executives. Under the Summary Compensation Table following this section, the annual bonus is reported in the column labeled "Non-Equity Incentive Plan Compensation" rather than in the "Bonus" column. This reporting reflects that the annual cash bonus has pre-established and generally non-discretionary goals that determine whether any amount will be paid. Under the Summary Compensation Table, the "Bonus" column is used for discretionary payments without pre-established goals. We refer to our annual cash incentive program as a bonus program.

Because salaries alone would not be sufficient to reach a reasonable level of potential cash compensation to properly compensate key executives, we believe it is appropriate and necessary to make bonus payments in cash on an annual basis when earned. We choose to pay bonuses in cash rather than stock because we anticipate that executives would use this payment to supplement their salaries. Also, if the annual bonus were paid in stock, the total compensation package might be overweighted in stock. Consequently, executives might discount the future value of the benefit from the stock, which could put us at a competitive disadvantage. The annual bonus as a percentage of an executive's total potential cash compensation generally increases with the level and responsibilities of the executive.

Long-term Incentive – Restricted Stock Purchase Plan. We provide a long-term incentive compensation program that is based on our stock through the use of a restricted stock purchase plan. For stockholders, the long-term value of our stock is the most important aspect of our performance. The price of our stock is the principal factor in stockholder value over time. The value of a restricted share is tied directly and primarily to the ultimate fair value of our stock. Restricted stock is a means of aligning financial interests of executives and stockholders.

We believe that stock-based incentives through the restricted stock purchase plan ensure that our top officers have a continuing stake in our long term success. We maintain the 2004 Restricted Stock Purchase Plan to provide executives with opportunities to acquire our Class B Common Stock, and our policy is to allow only executive officers and key employees to participate.

Employee Benefits. Our executives participate in all of the same employee benefit programs as other employees and on the same basis. These programs are a tax-qualified retirement plan, health and dental insurance, life insurance and disability insurance. Our only active retirement plan for U.S. employees is a 401(k) plan in which executives participate on the same basis as other employees. Additionally, we make a matching contribution to the 401(k) plan. The amount of the matching contribution depends on the percentage of their own compensation, up to IRS limits, that each executive chooses to defer in the 401(k) plan. In 2009, the amount of our matching contributions for the named executive officers ranged from \$7,769 to \$8,250 as shown in the "All Other Compensation" column on the Summary Compensation Table following this section.

Perquisites. We provide perquisites only for our chief executive officer, Mr. Smith, which consists of a bi-annual reimburse of up to \$10,000 related to direct medical costs and up to \$150 per month for home and wireless internet charges.

Key Factors in Determining Compensation

Performance Measures. The annual bonus has been measured principally on our earnings before interest, income taxes, depreciation and amortization ("EBITDA"). All of our executives have the same EBITDA target for their annual bonus. EBITDA is used because we believe that it represents the best measurement of our operating earnings. The annual bonus is intended to be paid primarily based on actions taken and decisions made during that fiscal year. Interest, income taxes, depreciation and amortization are excluded because those items can significantly reflect our long-term decisions on capital structure and investments rather than annual decisions. We believe it is appropriate to determine bonuses based on our EBITDA, which measures our performance as an entity, particularly considering there is no public market for our stock. Because EBITDA for performance purposes is intended to reflect operating earnings, our board of directors may make adjustments in the calculation of EBITDA to reflect extraordinary events.

The bonus based on EBITDA is measured on an annual basis. The use of annual targets fits with our annual business plan and allows us to measure the executive group's performance against targets which we believe can be set in a reasonable manner.

The estimated fair value of our stock is used for all long-term incentive purposes through the restricted stock purchase plan. We often estimate the value of our restricted stock by obtaining a valuation by an accredited firm.

We have not had the need to establish a policy for the adjustment or recovery of awards or payments when the relevant performance measures are restated or adjusted in a way that would reduce the size of the award or payment. The board of directors has the discretion to waive or reduce a performance goal but this authority has been used infrequently.

Individual Executive Officers. For compensation setting purposes, each named executive officer is considered individually, however, the same considerations apply to all executives. In setting salary, the primary factors are the scope of the officer's duties and responsibilities, the officer's performance of those duties and responsibilities, the officer's tenure with us, and a general evaluation of the competitive market conditions for executives with the officer's experience.

For the named executive officers and other executives, annual bonus potential is set as a percentage of salary. The percentage of salary amounts used for this purpose reflects the officer's duties and responsibilities. The same measurement, EBITDA, is used for all officers and executives to encourage them to focus on the same company goals. In setting the salary and bonus potential, we look at total potential cash compensation for reasonableness and for internal pay equity.

We have not looked specifically at amounts realizable from prior year's compensation in setting compensation for the current year. We believe that the amount of compensation for each year should be reasonable for that year.

Determining the Amount of Each Type of Compensation

Roles in Setting Compensation. Mr. Smith, as Chairman, President and Chief Executive Officer, makes recommendations to the Board of Directors with respect to compensation of executives (including the named executive officers) other than himself for each of the Company's compensation elements. The Board of Directors reviews, and in some cases revises, the salary and bonus potential recommendations for these executives. The Board of Directors makes the determination about all restricted stock issuances.

The Board of Directors makes an independent determination with respect to the compensation for Mr. Smith as Chairman, President and Chief Executive Officer. This determination involves all elements of his compensation. Mr. Smith's employment agreement establishes the minimum salary and bonus potential.

Timing of Compensation Decisions. Compensation decisions, including decisions on restricted stock issuances, are generally made periodically by the Board of Directors, typically in March of each year.

Salary. We intend for the salary levels of our executives to be in the competitive market range but do not engage in a formal market analysis. Executives are generally considered for salary adjustments annually.

Bonus. Cash bonus opportunities are established annually in accordance with our incentive plan. The amount of annual bonuses earned or unearned is not a major factor in base salary decisions.

Restricted Stock. The restricted stock purchase plan is designed primarily to provide incentives to those executives who have the most potential to impact stockholder value. The restricted stock purchase plan gives consideration to reasonable compensation levels. Generally, the restricted stock is set initially and then periodically reviewed by the Board of Directors.

Other Compensation. Other types of compensation, including employee benefits and perquisites, do not impact other compensation decisions in any material way. The employee benefits are changed for executives at the same time and in the same manner as for all other employees.

Balancing Types of Compensation. As noted above, we do not maintain any supplemental retirement plans for executives or other programs that reward tenure with us more than our actual performance. Our restricted stock grants are our method of providing a substantial part of an executive's retirement and wealth creation. In contrast, we expect that most executives will use their salary and annual cash bonus primarily for current or short-term expenses. Since the restricted stock plan is our primary contribution to an executive's long-term wealth creation, we determine the size of the restricted stock purchase plan with that consideration in mind. We intend that our executives will share in the creation of value in the Company but will not have substantial guaranteed benefits upon their termination if value has not been created for our stockholders.

Other Matters Related to Compensation

Tax and Accounting Considerations. We are covered by Internal Revenue Code section 162(m) that may limit the income tax deductibility to us of certain forms of compensation paid to our named executive officers in excess of \$1,000,000 per year. If these limits should become of broader applicability to us, we will consider modifications to our compensation practices, to the extent practicable, to provide appropriate deductibility for compensation payments.

We record the grant date fair value of all stock issued to employees as an expense over the related vesting period. We apply the standards required for share based payments in the accounting for issuances of stock under our 2004 Restricted Stock Purchase Plan.

Change of Control Triggers. We provide a change in control benefit under the 2004 Restricted Stock Purchase Plan, which provides for immediate vesting upon a change in control. Additionally, our employment agreements with Mr. Smith and Mr. Markert and severance agreements with the other named executives, which were effective in January 2010, provide that they will receive certain compensation if they are terminated without cause. (See "Employment Agreements" for a description of compensation and benefits provided to named executives upon termination without cause, including a change in control.) We believe this benefit will help protect stockholders' interests during any negotiations relating to a possible business combination transaction by encouraging our top executives to remain with us through a business combination transaction.

No Stock Ownership Guidelines. We have not adopted any stock ownership requirements or guidelines, but each holder of our restricted stock is subject to the terms of his or her respective stock purchase agreements, the 2004 Restricted Stock Purchase Plan and a stockholders' agreement. We have not adopted any policies about hedging the economic risk of our stock. We believe that no executives have engaged in hedging or similar activities with our stock.

Compensation Information. We have engaged a consultant to conduct a benchmarking study of compensation pricing for all employees, including the named executives. Salary market data was assimilated from various sources for the telecommunication and software industries to ensure compensation ranges were in line with external market pricing. The study was completed in June 2009.

Management of Compensation Risk. Our board of directors has discussed the impact our compensation policies and practices for all of our employees may have on our management of risk and has concluded that our programs do not encourage excessive risk taking. The board considered that the policies have been designed and consistently and effectively applied over a substantial period of time. There is a balance of fixed and variable compensation with both cash and equity components, and employees are required to adhere to the Code of Business Conduct and Ethics.

Fiscal 2009 Compensation

For the 2009 fiscal year, the compensation of executives was set and administered consistent with the philosophy and policies described above. Because we met our performance objectives for 2009, we awarded annual bonuses to our named executive officers. The salaries and bonuses for the named executive officers are shown on the Summary Compensation Table following this section.

For the named executive officers during the 2009 fiscal year, the potential bonus as a percentage of base salary ranged from 50% to 111%. The 2009 annual expense for restricted stock is shown in the "Stock Awards" column on the Summary Compensation Table following this section. There were no restricted stock sales to named executives in 2009.

The following table sets forth the summary compensation for each of our named executive officers for the years ended December 31, 2007, 2008 and 2009:

Summary Compensation Table

Name and Principal Position	Year	Salary (4)	Bonus	Stock Awards	Non-Equity Incentive Plan Compensation (2)	All Other Compensation (1)	Total
Richard A. Smith – Principal Executive Officer, Chairman, Chief Executive Officer and President	2009	\$ 465,231	\$ -	\$ 107	\$ 464,995	\$ 9,385	\$ 939,718
	2008	\$ 216,346	\$ -	\$ 54(3)	\$ 204,948	\$ 134,858	\$ 556,206
William D. Markert – Principal Financial Officer, Chief Financial Officer	2009	\$ 223,269	\$ -	\$ 19	\$ 99,975	\$ 76,437	\$ 399,700
	2008	\$ 99,231	\$ -	\$ 10(3)	\$ 44,064	\$ 39,437	\$ 182,742
Dennis J. Reinhold - Vice President, General Counsel and Secretary	2009	\$ 223,269	\$ -	\$ 1,207	\$ 99,975	\$ 7,769	\$ 332,220
	2008	\$ 215,000	\$ 1,000	\$ 4,082(3)	\$ 88,128	\$ 6,480	\$ 314,690
	2007	\$ 203,616	\$ 100,000(5)	\$ 5,569	\$ -	\$ 7,750	\$ 316,935
Daniel A. Crawford - President, Syscon Justice Systems	2009	\$ 269,462	\$ -	\$ 18	\$ 128,661	\$ 8,250	\$ 406,391
	2008	\$ 224,923	\$ -	\$ 12(3)	\$ 96,940	\$ 6,748	\$ 328,623
	2007	\$ 108,327	\$ -	\$ 3	\$ -	\$ 3,388	\$ 111,718
Robert E. Pickens – Chief Marketing Officer	2009	\$ 223,269	\$ -	\$ 10	\$ 99,975	\$ 51,708	\$ 374,962
	2008	\$ 45,481	\$ -	\$ 3	\$ 22,032	\$ 6,783	\$ 74,299

- (1) Includes the discretionary matching contributions by the Company for our 401(k) savings plan, reimbursed relocation expenses and relocation bonuses of \$55,719 to Mr. Markert and \$40,000 to Mr. Pickens in 2009, and \$100,000 to Mr. Smith and \$19,281 to Mr. Markert in 2008.
- (2) Includes bonuses paid in 2010 for attainment of EBITDA objectives in 2009.
- (3) In 2008, Mr. Smith, Mr. Markert, Mr. Reinhold, Mr. Pickens and Mr. Crawford were awarded 57,073 shares, 11,415 shares, 10,273 shares, 5,707 shares and 5,707 shares, respectively.
- (4) 2009 salaries included 27 bi-weekly pay periods compared to 26 in 2008.
- (5) Bonus paid in July 2007 related to the consummation of the Syscon acquisition in June 2007.

The following table represents outstanding equity awards, or restricted stock grants that were unvested as of December 31, 2009:

Outstanding Equity Awards at December 31, 2009

Name	Number of Shares That Have Not Vested (1)(a)	Market Value Of Shares That Have Not Vested(2)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested(1)(b)	Market or Payout Value of Unearned Shares That Have Not Vested(2)
			That Have Not Vested(1)(b)	Value of Unearned Shares That Have Not Vested(2)
Richard A. Smith	17,835	178	23,186	232
William D. Markert	2,378	24	6,182	62
Dennis J. Reinhold	2,226	22	5,652	57
Daniel A. Crawford	1,237	12	3,141	31
Robert E. Pickens	1,287	13	3,189	32
Totals	24,963	\$ 249	41,350	\$ 414

- (1) All shares were purchased by the executives for \$.01 per share. Restricted stock vests (a) ratably over a period or periods, or (b) based upon either a change in control of the Company or performance criteria as provided in the related restricted stock purchase agreement.
- (2) Assumes a market value of \$.01 per share, which we estimated to be the fair value of the stock as of the last grant date.

The following table details the Class B restricted stock shares and the fair value of stock-based compensation to our directors and named executive officers for the year ended December 31, 2009:

Name	Number of Shares Vested	Value Realized On Vesting(1)
Richard A. Smith	16,052	\$ 161
William D. Markert	2,854	29
Dennis J. Reinhold	2,401	24
Daniel A. Crawford	1,334	13
Robert E. Pickens	1,231	12
James Neal Thomas	4,183	42
Totals	<u>28,055</u>	<u>\$ 281</u>

(1)The fair value is representative of the most recent fair value of \$.01 per share times the number of shares vested during 2009. None of the directors or named executive officers received cash or other property as their restricted shares vested. Because of the transfer restrictions on our Class B Common Stock, the holders of such shares cannot freely transfer them.

Employment Agreements

On June 11, 2008, we entered into an employment agreement with Richard A. Smith to appoint him as our President and Chief Executive Officer. The employment contract extends through July 1, 2012 and provides that Mr. Smith will receive (i) a minimum base salary of \$450,000 per year; (ii) the potential to earn an annual bonus of \$500,000, which is earned upon achievement of objectives mutually agreed upon by Mr. Smith and our board of directors each year; (iii) eligibility to receive restricted stock shares of the Company's Class B common stock; and (iv) other benefits, such as life and health insurance, paid vacation, and reimbursement of business expenses. Additionally, in 2008 Mr. Smith received a one-time bonus of \$100,000 in conjunction with the sale of his primary residence and reimbursement of his moving expenses. Mr. Smith will also receive a \$200,000 bonus payable at the end of the contract term.

Mr. Smith reports directly to the board of directors and must secure the board's written consent before consulting with any other entity or gaining more than a 5% ownership interest in any enterprise other than ours, unless such ownership interest will not have a material adverse effect upon his ability to perform his duties under this agreement. We may terminate Mr. Smith's employment for cause, in which case we will pay him any base salary accrued or owing to him through the date of termination, less any amounts he owes to us. We may also terminate Mr. Smith's employment without cause or Mr. Smith may terminate his own employment due to the occurrence of events constituting constructive discharge. If Mr. Smith is terminated without cause or is constructively discharged, including upon a change of control, we will pay Mr. Smith an amount equal to (i) the lesser of (1) two times his annual base salary or (2) the amount of remaining base salary that would have been payable to him from the date of such termination of employment through the agreement expiry date provided that amount is not less than Mr. Smith's base annual salary, plus (ii) the benefits which were paid to him in the year prior to the year in which his employment was terminated, plus (iii) a pro-rated bonus for the year in which Mr. Smith's employment was terminated.

During Mr. Smith's employment and for the two-year period immediately following the expiration or earlier termination of the employment period, Mr. Smith is prohibited from competing with us anywhere in the United States, including locations in which we currently operate and plan to expand, and must abide by customary covenants to safeguard our confidential information.

In 2008, we entered into an employment agreement with William D. Markert to appoint him as our Chief Financial Officer. The employment contract extends through July 1, 2012 and provides that Mr. Markert will receive (i) a minimum base salary of \$215,000 per year; (ii) the potential to earn an incentive bonus of \$107,000, which is earned upon achievement of objectives determined by our board of directors each year; (iii) eligibility to receive restricted stock shares of the Company's Class B common stock; and (iv) other benefits, such as life and health insurance, paid vacation, and reimbursement of business expenses. Additionally, Mr. Markert received a one-time bonus of \$75,000 in conjunction with the sale of his primary residence and reimbursement of his moving expenses. If Mr. Markert is terminated without cause, including upon a change in control, he will be entitled to receive up to twelve months of compensation and benefits from the effective date of his termination.

In January of 2010 we entered into severance agreements with other named executives, which provide for continued payment of their base salaries and health care benefits for a period of one year from their termination date should they be terminated without cause, including a change in control.

2004 Restricted Stock Purchase Plan

We have a 2004 Restricted Stock Purchase Plan under which our employees may purchase shares of our Class B common stock. In August 2008, we authorized an additional 65,000 shares of Class B Common Stock. In September, 2008, we filed a Third Amended and Restated Certificate of Incorporation which authorized 165,000 shares of Class B common stock for issuance. Our board of directors administers the restricted stock purchase plan.

On March 25, 2009, we filed a Fourth Amended and Restated Certificate of Incorporation, which authorized 175,000 shares of Class B Common Stock for issuance. All issued shares of Common Stock are entitled to vote on a one share/one vote basis. The Restricted Stock Purchase Plan is designed to serve as an incentive to attract and retain qualified and competent employees. The per share purchase price for each share of restricted stock is determined by our board of directors. Generally, restricted stock will vest based on performance criteria, ratably over a period or periods, or upon a change of control of the Company, as provided in the related restricted stock purchase agreements and the plan.

Director Compensation

Except for Messrs. McCarthy and Thomas, our directors receive no compensation for serving on the board; however, they receive reimbursement of reasonable expenses incurred in attending meetings. In June 2009, Mr. McCarthy resigned from the Audit Committee and board of directors of the Company. Mr. McCarthy received \$48,750 for serving on the board and Audit Committee in 2009. Mr. Thomas receives \$74,000 annually for serving on the board and as the Audit Oversight Director. Additionally, Mr. Thomas and Mr. McCarthy each purchased 1,335 shares of restricted stock for \$10.00 per share and 4,561 shares of restricted stock for \$.01 per share in 2006 and 2008. No shares were purchased during 2007 and 2009. Our outside director compensation for the year ended December 31, 2009 is as follows:

Name	Fees Earned or Paid		Stock Awards	Total Compensation
	In Cash			
James Neal Thomas	\$ 74,000	\$ 8	\$ 74,008	
Jack McCarthy	\$ 48,750	\$ 8	\$ 48,758	

(1) Our only equity compensation plan is our 2004 restricted stock plan which has been approved by shareholders. As of December 31, 2009, there were 175,000 shares authorized under the plan.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following sets forth certain information, as of March 1, 2010, with respect to the beneficial ownership of shares of our common stock by:

- each person who is known to us to beneficially own more than 5% of the outstanding shares of common stock;
- each of our directors;
- each of the principal executive officer, principal financial officer and the three other most highly compensated executive officers who were serving as executive officers on December 31, 2009; and
- all current directors and executive officers as a group.

There is no established public trading market for our common stock. The number of shares of Common Stock beneficially owned by each person is determined under rules promulgated by the SEC. Under these rules, a person is deemed to have "beneficial ownership" of any shares over which that person has voting or investment power, or shares such power, plus any shares that the person may acquire within 60 days, including through the exercise of stock options. Unless otherwise indicated, each person in the table has sole voting and investment power over the shares listed. The inclusion in the table of any shares does not constitute an admission of beneficial ownership of those shares by the named stockholder. For each person, the "Number of Shares Beneficially Owned" column may include shares of common stock attributable to the person due to that person's voting or investment power or other relationship.

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned (1)			
	Preferred Stock (2)	Class B		Percentage of Common
		Common Stock	Common Stock	
5% Stockholders				
H.I.G.-TNetix, Inc.(4) 1001 Brickell Bay Drive, 27th Floor Miami, Florida 33131	5,081	495		86.93%
AIF Investment Company(4) 1001 Brickell Bay Drive, 27th Floor Miami, Florida 33131	1,558	152		26.66%
Directors				
Richard A. Smith(5)			57,073	4.88%
Anthony A. Tamer(6)	5,081	495		86.93%
Brian D. Schwartz(6)	5,081	495		86.93%
Douglas F. Berman(6)	5,081	495		86.93%
Lewis J. Schoenwetter(6)	5,081	495		86.93%
Sami W. Mnaymneh(6)	5,081	495		86.93%
James Neal Thomas(5)			4,563	*
Rob Wolfson (6)	5,081	495		86.93%
Other Named Executive Officers				
William B. Markert(5)			11,415	*
Dennis J. Reinhold(5)			10,279	*
Robert E. Pickens(5)			5,707	*
Daniel A. Crawford(5)			5,712	*
Directors and executive officers as a group (15 persons) (7)	5,081	495	125,290	97.65%

* Denotes less than 1%

(1) Unless otherwise indicated, the address of each beneficial owner listed above is c/o Securus Technologies, Inc., 14651 Dallas Parkway, Suite 600, Dallas, Texas 75254-8815

- (2) The Series A Redeemable Convertible Preferred Stock converts into 200 shares of Common Stock , as adjusted for certain events.
- (3) Represents the aggregate ownership of our Common Stock and Class B Common Stock on a fully diluted basis. Calculated based on 149,353 shares of Common Stock and Class B Common Stock outstanding as of March 1, 2010, giving effect to immediately exercisable options and warrants to purchase an aggregate of 51.011 shares of Common Stock granted in connection with our senior subordinated debt financing and conversion of preferred stock.
- (4) Includes an aggregate of 152 shares of Common Stock and 1,558 shares of preferred stock beneficially owned by AIF Investment Company. AIF Investment Company is wholly-owned by H.I.G.-TNetix. Mr. Tamer currently serves as a director and officer of H.I.G.-TNetix, Inc.
- (5) Represents shares of Class B Common Stock issued in connection with our 2004 Restricted Stock Purchase Plan.
- (6) Represents shares beneficially owned by H.I.G.-TNetix, Inc. and AIF Investment Company. H.I.G. Capital Partners III, L.P. is the controlling stockholder of H.I.G.-TNetix, Inc. and H.I.G. — TNetix is the controlling stockholder of AIF Investment Company. Mr. Tamer is a member of H.I.G. Advisors III, L.L.C., the general partner of H.I.G. Capital Partners III, L.P., the ultimate parent entity of H.I.G.-TNetix, Inc. and AIF Investment Company. Messrs. Tamer, Schwartz, Wolfson, Mnaymneh, Berman and Schoenwetter may, by virtue of their respective relationships with either H.I.G.- TNetix, Inc., AIF Investment Company or H.I.G. Capital, L.L.C., be deemed to beneficially own the securities held by H.I.G.-TNetix, Inc. and AIF Investment Company, and to share voting and investment power with respect to such securities. Each of Messrs. Tamer, Schwartz, Wolfson, Mnaymneh, Berman and Schoenwetter disclaim beneficial ownership of the securities beneficially owned by H.I.G.-TNetix and AIF Investment Co. The address of each of Messrs. Tamer, Schwartz, Wolfson, Mnaymneh, Berman and Schoenwetter is c/o H.I.G. Capital, LLC, 1001 Brickell Bay Drive, 27th Floor, Miami, Florida 33131.
- (7) Represents (a) 125,290 shares beneficially owned by Richard A. Smith, William B. Markert, Dennis J. Reinhold, Dan A. Crawford, Steve Viefaus, James Neil Thomas, Kathryn S. Lengyel, Danny de Hoyos, Arlin B. Goldberg, Robert E. Pickens, Larry Ehlers, Patrick W. Broisma, Joshua E. Conklin and Byron Cantrall and (b) 495 Common Stock and 5,081 Preferred Stock beneficially owned by H.I.G.-TNetix, Inc. and AIF Investment Company and attributable to each of the Messrs. Tamer, Schwartz, Wolfson, Mnaymneh, Berman and Schoenwetter.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**Related Party Transaction Policy**

We expect our directors, officers and employees to act and make decisions that are in our best interests and encourage them to avoid situations which present a conflict between our interests and their own personal interests. Under our code of ethics, our directors, officers and employees are prohibited from taking any action that may make it difficult for them to perform their duties, responsibilities and services to us in an objective and fair manner.

The entire board of directors is responsible for reviewing and approving or ratifying all material transactions between us and our subsidiaries with any related party. To identify related party transactions, each year we require our directors and officers to complete Director and Officer Questionnaires identifying any transactions with us in which the officer or director or their immediate family members have an interest. Related parties include any of our directors or executive officers, and their immediate family members. The types of transactions that must be reviewed and approved include extensions of credit and other business relationships.

We reviewed related party transactions for a conflict of interest. A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any way with our interests. Our Code of Ethics requires all directors, officers and employees who may have a potential or apparent conflict of interest to immediately notify the Audit Oversight Director. Other than our Code of Ethics, our related party transaction policy is not in writing.

Restricted Stock Purchase Agreements

We have a restricted stock purchase agreement with Mr. Smith and other members of our management pursuant to our 2004 Restricted Stock Plan. The maximum number of shares of Class B Common Stock available under the 2004 Restricted Stock Purchase Plan was 175,000 as of December 31, 2009, subject to adjustment. As of December 31, 2009, an aggregate of 140,792 shares were issued under the plan to executives, employees and members of our board of directors. Pursuant to the terms of the plan and the applicable restricted stock purchase agreements, shares of Class B Common Stock are subject to time and performance vesting based upon the length of service such executive has with us and other vesting criteria including obtaining a specified sales price in connection with our sale to an independent third party. Shares of Common Stock issuable pursuant to restricted stock purchase agreements are subject to certain rights of repurchase and certain restrictions on transfer. Generally, if an executive's employment is terminated, shares of restricted stock that have not vested prior to or in connection with a sale of us to an independent third party are forfeited to us without consideration.

Equity Investment by Richard A. Smith

In June of 2008 Mr. Richard A. Smith, Chairman, Chief Executive Officer and President, was issued 57,072.61 shares of the Company's Class B Common Stock pursuant to a restricted stock purchase agreement. These restricted shares are subject to forfeiture pursuant to the terms of our 2004 Restricted Stock Purchase Plan and the restrictions described hereafter. With respect to 25.0% of the restricted stock, the restriction period ends upon the sale of our stock by certain of our other stockholders. The restriction period for 50.0% of the restricted stock ends upon the lapse of time each December 31 and June 30. With respect to the remaining shares, the restriction period ends upon our attainment of certain performance measures determined by our board of directors and Mr. Smith. Further, upon a change of control, the restriction period will end for all of Mr. Smith's restricted shares that have not previously vested. The restricted shares are entitled to dividends, if declared, which will be distributed upon termination of the restriction period with respect to any such restricted shares.

Stockholders' Agreement

We and our stockholders have entered into a stockholders' agreement to assure continuity in our management and ownership, to limit the manner in which our outstanding shares of capital stock may be transferred, and to provide certain registration rights. The stockholders' agreement provides for customary transfer restrictions, rights of first refusal for us and our stockholders, preemptive rights, drag-along and tag-along rights, and registration rights. The stockholders' agreement also provides that as long as H.I.G.-TNetix, Inc., or its affiliates owns more than 50% of our Common Stock, H.I.G.-TNetix or its affiliate may designate the majority of our board of directors. We have also agreed to pay an aggregate of \$0.1 million annually on a pro rata basis to those previous Evercom stockholders who invested in our Company contemporaneously with the closing of the Evercom acquisition.

Additionally, we have agreed to indemnify our stockholders (as sellers of securities, not as officers or directors), their officers and directors, and each person who controls such stockholder for losses which the indemnified person may sustain, incur or assume as a result of our violation of the Securities Act, the Exchange Act or any state securities law, or any untrue or alleged untrue statement of material fact contained in any document we file with the SEC.

H.I.G. Capital, LLC Consulting Agreements***Consulting Services Agreement***

We have a consulting services agreement with H.I.G. pursuant to which H.I.G. is paid an annual fee of \$750,000 for management, consulting and financial advisory services.

Professional Services Agreement

We also have a professional services agreement with H.I.G., pursuant to which H.I.G. is paid investment banking fees equal to 2% of the value of any transaction in which we (i) sell all or substantially all of our assets or a majority of our stock, (ii) acquire any other companies, or (iii) secure any debt or equity financing. In connection with the refinancing of our revolving credit facility (See Note 5), H.I.G. received a professional service fee equal to 2% of the transaction value, or \$0.8 million, in 2008. No professional service fee was paid in 2009.

Management

Certain of our directors are affiliated with H.I.G. Mr. Tamer and Mr. Mnaymneh are managing partners of H.I.G. and Mr. Berman, Mr. Schwartz, Mr. Wolfson and Mr. Schoenwetter are managing directors of H.I.G.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**Audit Fees**

The following table represents the aggregate fees paid or accrued for services rendered by McGladrey & Pullen LLP, our independent registered public accounting firm, for the year ended December 31, 2009 and by KPMG, our previous independent registered public accounting firm, for the year ended December 31, 2008 (in thousands).

	<u>2008</u>	<u>2009</u>
Audit fees	\$ 725	\$ 477
Audit-related fees	-	49
Tax fees	29	-
Total fees	<u>\$ 754</u>	<u>\$ 526</u>

Audit fees consist of fees for the audit of our financial statements, the review of the interim financial statements included in our quarterly reports on Form 10-Q, and other professional services provided in connection with statutory and regulatory filings or engagements. Fees were paid to KPMG LLP related to the audit of our 2008 financial statements and to McGladrey & Pullen LLP related to the audit of our 2009 financial statements.

Audit-Related Fees

These are fees for assurance and related services and consisted primarily of audits of employee benefit plans, specific internal control process reviews and consultations regarding accounting and financial reporting. There were no audit-related services provided by our principal accountants in 2008.

Tax Fees

Tax fees consist of fees for tax compliance and tax advice services associated with the preparation of original tax returns and requests for technical advice from taxing authorities. Tax services are provided by an outside firm for our tax related matters within the United States and by KPMG LLP Canada for tax services related to our foreign jurisdictions.

Audit Oversight Director's Pre-approval Policy and Procedures

The Audit Oversight Director (formerly the Audit Committee) has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent auditor. This policy generally provides that we will not engage our independent auditor to render audit or non-audit services unless the service is specifically approved in advance by the Audit Oversight Director or the engagement is entered into pursuant to one of the pre-approval procedures described below.

From time to time, the Audit Oversight Director may pre-approve specified types of services that are expected to be provided to us by our independent auditor during the next 12 months. Any such pre-approval would be detailed as to the particular service or type of services to be provided and would be generally subject to a maximum dollar amount.

All of our 2009 audit and audit-related services were approved by the Audit Oversight Director pursuant to our Audit Oversight Charter. No other services were provided by our independent auditor that were not approved by the Audit Oversight Director pursuant to the de minimis exception to the pre-approval requirement set forth in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

During fiscal year 2009, the Audit Committee of the board of directors of the Company approved the change in principal accountants. In April of 2009, the Company engaged McGladrey & Pullen, LLP ("McGladrey") as its principal accountant to audit the Company's financial statements. During the two most recent fiscal years ended December 31, 2008 and the subsequent interim period in 2009, the Company had not consulted with McGladrey regarding any of the following: (1) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that McGladrey concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue, or (2) any matter that was either the subject of a disagreement (as defined in paragraph 304(a)(1)(iv) and the related instructions to Item 304 of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

During the two most recent fiscal years ended December 31, 2008 and the subsequent interim period in 2009, there were no disagreements between KPMG and the Company on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of KPMG, would have caused it to make a reference to the subject matter of any such disagreement with its report. No reportable events, as defined in Item 304(a)(1)(v) of Regulation S-K, occurred within the Company's two most recent fiscal years ended December 31, 2008 and the subsequent interim period in 2009.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES****(a) Index to Consolidated Financial Statements**

Financial Statements: The following financial statements and schedules of Securus Technologies, Inc. are included in this

1. report:

- Consolidated Balance Sheets — As of December 31, 2008 and December 31, 2009.
- Consolidated Statements of Operations —For the Years Ended December 31, 2007, 2008 and 2009.
- Consolidated Statements of Stockholders' Deficit —For the Years Ended December 31, 2007, 2008 and 2009.
- Consolidated Statements of Cash Flows — For the Years Ended December 31, 2007, 2008 and 2009.
- Notes to Consolidated Financial Statements

2. *Financial Statement Schedules:* None.3. *Exhibits:* The exhibits which are filed with this report or which are incorporated herein by reference are set forth in the Exhibit Index on page 86 which is incorporated herein by reference.

Exhibit Index

- 2.1 Stock Purchase Agreement, dated April 11, 2007, by and among Securus Technologies, Inc., Appaloosa Acquisition Company, 0787223 B.C. Ltd, and 0787223 B.C. Ltd's sole stockholder, incorporated by reference from Form 8-K filed April 16, 2007.
- 2.1.1 Settlement Agreement, dated November 12, 2008, by and among Securus Technologies, Inc., Syscon Justice Systems Canada, Ltd., 0787223 B.C. Ltd., and 0787223 B.C. Ltd's sole stockholder incorporated by reference from Form 10-Q filed November 14, 2008.
- 2.1.2 Consulting Agreement, dated November 12, 2008, by and among Securus Technologies, Inc., Syscon Justice Systems Canada, Ltd., 0787223 B.C. Ltd., and 0787223 B.C. Ltd's sole stockholder incorporated by reference from Form 10-Q filed November 14, 2008.
- 3.1 Fourth Amended and Restated Certificate of Incorporation of Securus Technologies, Inc., incorporated by reference from Form 10-K filed March 31, 2009.
- 3.2 Amended and Restated Bylaws of Securus Technologies, Inc., incorporated by reference from Form S-4 filed May 16, 2005.
- 3.3 Certificate of Incorporation of T-Netix, Inc., filed on September 7, 2001, as amended, incorporated by reference from Form S-4 filed May 16, 2005.
- 3.4 Bylaws of T-Netix, Inc, incorporated by reference from Form S-4 filed May 16, 2005.
- 3.5 Articles of Incorporation of Telequip Labs, Inc., filed on November 9, 1987, as amended, incorporated by reference from Form S-4 filed May 16, 2005.
- 3.6 Amended and Restated Bylaws of Telequip Labs, Inc., incorporated by reference from Form S-4 filed May 16, 2005.
- 3.7 Articles of Incorporation of T-NETIX Telecommunications Services, Inc., filed on February 11, 1988, as amended, incorporated by reference from Form S-4 filed May 16, 2005.
- 3.8 Bylaws of T-NETIX Telecommunications Services, Inc., incorporated by reference from Form S-4 filed May 16, 2005.
- 3.9 Certificate of Incorporation of Evercom Holdings, Inc., filed on November 25, 2002, as amended, incorporated by reference from Form S-4 filed May 16, 2005.
- 3.10 Bylaws of Evercom Holdings, Inc., incorporated by reference from Form S-4 filed May 16, 2005.
- 3.11 Amended and Restated Certificate of Incorporation of Evercom, Inc., filed on February 19, 2003, incorporated by reference from Form S-4 filed May 16, 2005.
- 3.12 Bylaws of Evercom, Inc., incorporated by reference from Form S-4 filed May 16, 2005.
- 3.13 Certificate of Incorporation of Evercom Systems, Inc., filed on August 22, 1997, as amended, incorporated by reference from Form S-4 filed May 16, 2005.
- 3.14 Bylaws of Evercom Systems, Inc., incorporated by reference from Form S-4 filed May 16, 2005.
- 3.15 Certificate of Incorporation of Syscon Justice Systems Canada Ltd., incorporated by reference from Form S-4 filed August 1, 2007.
- 3.16 Articles of Syscon Justice Systems Canada Ltd., incorporated by reference from Form S-4 filed August 1, 2007.
- 3.17 Articles of Incorporation of Syscon Justice Systems, Inc., incorporated by reference from Form S-4 filed August 1, 2007.
- 3.18 Bylaws of Syscon Justice Systems, Inc., incorporated by reference from Form S-4 filed August 1, 2007.

- 3.19 Articles of Organization of Modeling Solutions LLC incorporated by reference from Form S-4 filed August 1, 2007.
- 3.20 Operating Agreement of Modeling Solutions LLC incorporated by reference from Form S-4 filed August 1, 2007.
- 3.21 Articles of Organization of Modeling Solutions, LLC incorporated by reference from Form S-4 filed August 1, 2007
- 3.22 Operating Agreement of Modeling Solutions, LLC incorporated by reference from Form S-4 filed August 1, 2007.
- 4.1 Form of 11% Second-priority Senior Secured Notes due 2011, incorporated by reference from Form S-4 filed May 16, 2005.
- 4.2 Indenture, dated as of September 9, 2004, by and among Securus Technologies, Inc., T-Netix, Inc., T-NETIX Telecommunications Services, Inc., T-Netix Monitoring Corporation, SpeakeZ, Inc., Telequip Labs, Inc., Evercom Holdings, Inc., Evercom, Inc., EverConnect, Inc., Evercom Systems, Inc., and The Bank of New York Trust Company, N.A., incorporated by reference from Form S-4 filed May 16, 2005.
- 4.2.1 Supplemental Indenture, dated June 27, 2007, by and among Appaloosa Acquisition Company Ltd., T-NETIX, Inc., T-NETIX Telecommunications Services, Inc., Telequip Labs, Inc., Evercom Holdings, Inc., Evercom, Inc., and Evercom Systems, Inc., as guarantors, and The Bank of New York, as trustee, incorporated by reference from Form 8-K filed July 2, 2007.
- 4.2.2 Supplemental Indenture, dated June 29, 2007, by and among Appaloosa Acquisition Company Ltd., Syscon Justice Systems Canada Ltd., Syscon Holdings Ltd., Syscon Justice Systems, Inc., Modeling Solutions, LLC, Modeling Solutions LLC, and The Bank of New York, as trustee, incorporated by reference from Form S-4 filed August 1, 2007.
- 4.3 Amended and Restated Security Agreement, dated June 29, 2007, by and among Appaloosa Acquisition Company Ltd., Modeling Solutions, LLC, Modeling Solutions LLC, Syscon Justice Systems International Pty Limited, Syscon Justice Systems International Limited, Syscon Justice Systems Canada Ltd., and Syscon Justice Systems, Inc., as guarantors, and The Bank of New York Trust Company, N.A., incorporated by reference from Form S-4 filed August 1, 2007.
- 4.3.1 Supplement to Amended and Restated Security Agreement, dated June 29, 2007, incorporated by reference from Form S-4 filed August 1, 2007.
- 4.4 Amended and Restated Patent Security Agreement, dated June 29, 2007, by and among Securus Technologies, Inc., T-Netix, Inc., T-NETIX Telecommunications Services, Inc., Telequip Labs, Inc., Evercom Holdings, Inc., Evercom, Inc., Evercom Systems, Inc., Modeling Solutions, LLC, Modeling Solutions LLC, Syscon Justice Systems, Inc., and The Bank of New York Trust Company, N.A., incorporated by reference from Form S-4 filed August 1, 2007.
- 4.5 Amended and Restated Copyright Security Agreement, dated June 29, 2007, by and among Securus Technologies, Inc., T-Netix, Inc., T-NETIX Telecommunications Services, Inc., Telequip Labs, Inc., Evercom Holdings, Inc., Evercom, Inc., Evercom Systems, Inc., Modeling Solutions, LLC, Modeling Solutions LLC, Syscon Justice Systems, Inc., and The Bank of New York Trust Company, N.A., incorporated by reference from Form S-4 filed August 1, 2007.
- 4.6 Amended and Restated Trademark Security Agreement, dated June 29, 2007, by and among Securus Technologies, Inc., T-Netix, Inc., T-NETIX Telecommunications Services, Inc., Telequip Labs, Inc., Evercom Holdings, Inc., Evercom, Inc., Evercom Systems, Inc., Modeling Solutions, LLC, Modeling Solutions LLC, Syscon Justice Systems, Inc., and The Bank of New York Trust Company, N.A., incorporated by reference from Form S-4 filed August 1, 2007.
- 4.7 Amended and Restated Pledge Agreement, dated June 29, 2007, by and among Appaloosa Acquisition Company Ltd., Syscon Justice Systems, Inc., and T-Netix, Inc., Evercom Holdings, Inc., Evercom, Inc., incorporated by reference from Form S-4 filed August 1, 2007.
- 4.7.1 Supplement No. 1 to Amended and Restated Pledge Agreement, dated June 29, 2007, incorporated by reference from Form S-4 filed August 1, 2007.
- 4.8 Credit Agreement, dated September 30, 2008, among Securus Technologies, Inc., as Parent and as a Borrower, certain subsidiaries of Parent party thereto, as Borrowers, the lenders from time to time parties thereto, and Wells Fargo Foothill, LLC, as the Arranger, Administrative Agent and lender, incorporated by reference from Form 8-K

filed October 7, 2008.

- 4.9 General Continuing Guaranty, dated September 30, 2008, by and between Wells Fargo Foothill, LLC and Syscon Justice Systems Canada Ltd., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.10 Security Agreement, dated September 30, 2008, among Wells Fargo Foothill, LLC, Securus Technologies, Inc., T-Netix, Inc., Telequip Labs, Inc., T-Netix Telecommunications Services, Inc., Evercom Holding, Inc., Evercom, Inc., Evercom Systems, Inc., Modeling Solutions LLC, Modeling Solutions, LLC, and Syscon Justice Systems, Inc., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.11 Security Agreement, dated as of September 30, 2008, between Wells Fargo Foothill, LLC and Syscon Justice Systems Canada Ltd., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.12 Trademark Security Agreement, dated September 30, 2008, among Wells Fargo Foothill, LLC, Securus Technologies, Inc., T-Netix, Inc., Telequip Labs, Inc., T-Netix Telecommunications Services, Inc., Evercom Holding, Inc., Evercom, Inc., Evercom Systems, Inc., Modeling Solutions LLC, Modeling Solutions, LLC and Syscon Justice Systems, Inc., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.13 Copyright Security Agreement, dated September 30, 2008, among Wells Fargo Foothill, LLC, Securus Technologies, Inc., T-Netix, Inc., Telequip Labs, Inc., T-Netix Telecommunications Services, Inc., Evercom Holding, Inc., Evercom, Inc., Evercom Systems, Inc., Modeling Solutions LLC, Modeling Solutions, LLC and Syscon Justice Systems, Inc., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.14 Patent Security Agreement, dated September 30, 2008, among Wells Fargo Foothill, LLC, Securus Technologies, Inc., T-Netix, Inc., Telequip Labs, Inc., T-Netix Telecommunications Services, Inc., Evercom Holding, Inc., Evercom, Inc., Evercom Systems, Inc., Modeling Solutions LLC, Modeling Solutions, LLC and Syscon Justice Systems, Inc., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.15 Trademark Security Agreement, dated as of September 30, 2008, between Wells Fargo Foothill, LLC and Syscon Justice Systems Canada Ltd., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.16 Copyright Security Agreement, dated as of September 30, 2008, between Wells Fargo Foothill, LLC and Syscon Justice Systems Canada Ltd., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.17 Patent Agreement, dated as of September 30, 2008, between Wells Fargo Foothill, LLC and Syscon Justice Systems Canada Ltd., incorporated by reference from Form 8-K filed October 7, 2008.
- 4.18 Subordination and Intercreditor Agreement, dated as of September 9, 2004, by and among Laminar Direct Capital, L.P., Securus Technologies, Inc., T-Netix, Inc., T-NETIX Telecommunications Services, Inc., T-Netix Monitoring Corporation, SpeakEZ, Inc., Telequip Labs, Inc., Evercom Holdings, Inc., Evercom, Inc., EverConnect, Inc., Evercom Systems, Inc., and The Bank of New York Trust Company, N.A., incorporated by reference from Form S-4 filed May 16, 2005.
- 4.18.1 First Amendment to Subordination and Intercreditor Agreement, dated as of June 29, 2007, by and among Laminar Direct Capital, L.P., Securus Technologies, Inc., T-Netix, Inc., T-NETIX Telecommunications Services, Inc., Telequip Labs, Inc., Evercom Holdings, Inc., Evercom, Inc., Evercom Systems, Inc., Syscon Justice Systems, Inc., Modeling Solutions, LLC, Modeling Solutions LLC, and The Bank of New York Trust Company, N.A., incorporated by reference from Form S-4 filed August 1, 2007.
- 4.19 Amended and Restated Intercreditor Agreement, dated as of September 30, 2008, by and among Wells Fargo Foothill, LLC, as Intercreditor Agent, The Bank of New York Mellon Trust Company, N.A., as Trustee, Securus Technologies, Inc., and certain subsidiaries of Securus Technologies, Inc. incorporated by reference from Form 10-Q filed November 14, 2008.
- 4.20 Note Purchase Agreement, dated as of September 9, 2004, by and among Securus Technologies, Inc., T-Netix, Inc., Telequip Labs, Inc., T-Netix Telecommunications Services, Inc., SpeakEZ, Inc., T-Netix Monitoring Corporation, Evercom Holding, Inc., Evercom, Inc., Evercom Systems, Inc., FortuneLinX, Inc., and Everconnect, Inc. and Laminar Direct Capital L.P., incorporated by reference from Form 10-K/A filed September 13, 2006.
- 4.20.1 June 2007 Amendment to Note Purchase Agreement, dated June 29, 2007, by and among Securus Technologies, Inc., T-Netix, Inc., Telequip Labs, Inc., T-Netix Telecommunications Services, Inc., Evercom Holding, Inc., Evercom, Inc., Evercom Systems, Inc., Appaloosa Acquisition Company Ltd., Modeling Solutions, LLC, Modeling

- Solutions LLC, Syscon Justice Systems International Pty Limited, Syscon Justice Systems International Limited, Syscon Justice Systems Canada Ltd., Syscon Justice Systems, Inc., and Laminar Direct Capital L.P., incorporated by reference from Form 8-K filed July 2, 2007.
- 4.21 Form of 11% Second-priority Senior Secured Notes due 2011, incorporated by reference from Form S-4 filed August 1, 2007.
- 4.22 Security Agreement, dated June 29, 2007, by and among Appaloosa Acquisition Company Ltd., Syscon Justice Systems Canada Ltd., Syscon Holdings Ltd., and The Bank of New York, as trustee, incorporated by reference from Form S-4 filed August 1, 2007.
- 4.23 Pledge Agreement, dated June 29, 2007, by and among Appaloosa Acquisition Company Ltd., Syscon Justice Systems Canada Ltd., and Syscon Holdings Ltd., and The Bank of New York, as trustee, incorporated by reference from Form S-4 filed August 1, 2007.
- 4.24 Trademark Security Agreement, dated June 29, 2007, by and among Appaloosa Acquisition Company Ltd., Syscon Justice Systems Canada Ltd., Syscon Holdings Ltd., a British Columbia corporation and The Bank of New York, as trustee, incorporated by reference from Form S-4 filed August 1, 2007.
- 4.25 Copyright Security Agreement, dated June 29, 2007, by and among Appaloosa Acquisition Company Ltd., Syscon Justice Systems Canada Ltd., Syscon Holdings Ltd., and The Bank of New York, as trustee, incorporated by reference from Form S-4 filed August 1, 2007.
- 10.1 Stockholders Agreement, dated September 9, 2004, by and among Securus Technologies, Inc., H.I.G.-TNetix, Inc., T-Netix, Inc., American Capital Strategies, Ltd., Laminar Direct Capital, L.P., and each of the other investors then or thereafter set forth on the signature pages thereto, incorporated by reference from Form S-4 filed May 16, 2005.
- 10.2 Amended and Restated Consulting Services Agreement, dated as of September 9, 2004, among T-Netix, Inc., Evercom Systems, Inc. and H.I.G. Capital, LLC, incorporated by reference from Form S-4 filed May 16, 2005.
- 10.2.1 First Amendment to Amended and Restated Consulting Services Agreement, dated as of September 30, 2008, among T-Netix, Inc., Evercom Systems, Inc. and H.I.G. Capital, LLC, incorporated by reference from Form 8-K filed October 7, 2008.
- 10.3 Amended and Restated Professional Services Agreement, dated as of September 9, 2004, by and between T-Netix, Inc., Evercom Systems, Inc., and H.I.G. Capital, LLC, incorporated by reference from Form S-4 filed May 16, 2005.
- 10.3.1 First Amendment to Amended and Restated Professional Services Agreement, dated as of September 30, 2008, among T-Netix, Inc., Evercom Systems, Inc. and H.I.G. Capital, LLC, incorporated by reference from Form 8-K filed October 7, 2008.
- 10.4 Office Lease Agreement, dated as of November 8, 2004, by and between T-Netix, Inc. and the Prudential Insurance Company of America, incorporated by reference from Form 10-Q filed August 15, 2005.
- 10.4.1 First Amendment to the Office Lease Agreement, dated as of November 19, 2004, by and between T-Netix, Inc. and the Prudential Insurance Company of America, incorporated by reference from Form 10-Q filed August 15, 2005.
- 10.5 2004 Restricted Stock Purchase Plan, incorporated by reference from Form 10-Q filed November 14, 2006.
- 10.6 Fourth Amendment to 2004 Restricted Stock Purchase Plan and Stockholder Consent, increasing authorized shares under the plan, incorporated by reference from Form 10-K filed March 31, 2009.
- 10.7 Employment Agreement, dated June 11, 2008, by and between Securus Technologies, Inc. and Richard A. Smith, incorporated by reference from Form 8-K filed June 13, 2008.
- 10.8 Restricted Stock Purchase Agreement, dated June 23, 2008, by and between Securus Technologies, Inc and Richard A. Smith, incorporated by reference from Form 8-K filed June 13, 2008.
- 10.9 Employment Agreement, dated June 20, 2008, by and between Securus Technologies, Inc. and William D. Markert, incorporated by reference from Form 8-K filed June 24, 2008.
- 10.10 Restricted Stock Purchase Agreement, dated June 30, 2008, by and between Securus Technologies, Inc and William

D. Markert, incorporated by reference from Form 8-K filed June 24, 2008.

- 14.1* Securus Code of Ethics
- 21.1* Schedule of Subsidiaries of Securus Technologies, Inc.
- 23.1* Consent of KPMG LLP
- 23.2* Consent of McGladrey & Pullen LLP
- 31.1* Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley of 2002.
- 31.2* Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley of 2002.
- 32.1* Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley of 2002.
- 32.2* Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley of 2002.

* Filed herewith.



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March 9, 2011

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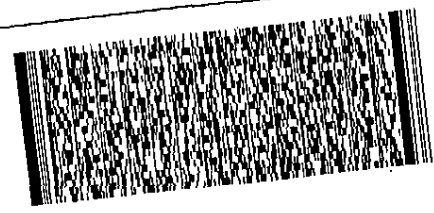
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STATE OF MISSOURI
 OFFICE OF ADMINISTRATION
 DIVISION OF PURCHASING AND MATERIALS MANAGEMENT (DPMM)
 REQUEST FOR BEST AND FINAL OFFER (BAFO)
 FOR REQUEST FOR PROPOSAL (RFP)

BAFO REQUEST NO.: B2Z11019
 RFP NO.: B2Z11019
 TITLE: OFFENDER TELEPHONE SYSTEM
 ISSUE DATE: 04/01/11

REQ NO.: NR 300 31501000001
 BUYER: Brent Dixon
 PHONE NO.: (573) 751-4903
 E-MAIL: brent.dixon@oa.mo.gov

BAFO RESPONSE SHOULD BE RETURNED BY: 04/08/11 AT 5:00 PM CENTRAL TIME

MAILING INSTRUCTIONS: Print or type **RFP Number** and **Return Due Date** on the lower left hand corner of the envelope or package. Sealed BAFOs should be in DPMM office (301 W High Street, Room 630) by the return date and time.

	(U.S. Mail)		(Courier Service)
RETURN BAFO RESPONSE TO:	DPMM	or	DPMM
	PO BOX 809		301 WEST HIGH STREET, RM 630
	JEFFERSON CITY MO 65102-0809		JEFFERSON CITY MO 65101-1517

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

DELIVER SUPPLIES/SERVICES FOB (Free On Board) DESTINATION TO THE FOLLOWING ADDRESS:

**VARIOUS CORRECTIONAL INSTITUTIONS
 THROUGHOUT THE STATE OF MISSOURI
 OFFICE OF ADMINISTRATION, INFORMATION TECHNOLOGY SERVICES DIVISION**

The offeror hereby declares understanding, agreement and certification of compliance to provide the items and/or services, at the prices quoted, in accordance with all terms and conditions, requirements, and specifications of the original RFP as modified by any previously issued RFP amendments and by this and any previously issued BAFO requests. The offeror agrees that the language of the original RFP as modified by any previously issued RFP amendments and by this and any previously issued BAFO requests shall govern in the event of a conflict with his/her proposal. The offeror further agrees that upon receipt of an authorized purchase order from the Division of Purchasing and Materials Management or when a Notice of Award is signed and issued by an authorized official of the State of Missouri, a binding contract shall exist between the offeror and the State of Missouri.

SIGNATURE REQUIRED

DOING BUSINESS AS (DBA) NAME	LEGAL NAME OF ENTITY/INDIVIDUAL FILED WITH IRS FOR THIS TAX ID NO.
MAILING ADDRESS	IRS FORM 1099 MAILING ADDRESS
CITY, STATE, ZIP CODE	CITY, STATE, ZIP CODE

CONTACT PERSON	EMAIL ADDRESS
PHONE NUMBER	FAX NUMBER
TAXPAYER ID NUMBER (TIN)	TAXPAYER ID (TIN) TYPE (CHECK ONE) <input type="checkbox"/> FEIN <input type="checkbox"/> SSN
VENDOR NUMBER (IF KNOWN)	
VENDOR TAX FILING TYPE WITH IRS (CHECK ONE) <input type="checkbox"/> Corporation <input type="checkbox"/> Individual <input type="checkbox"/> State/Local Government <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> IRS Tax-Exempt	
AUTHORIZED SIGNATURE	DATE
PRINTED NAME	TITLE

TITLE: OFFENDER TELEPHONE SYSTEM

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

Prospective offerors are hereby notified of the following revisions to the RFP:

1. REVISED paragraph 2.11.1 b
2. REVISED paragraph 2.11.1 j
3. REVISED paragraph 2.11.4
4. REVISED paragraph 2.11.8
5. ADDED paragraph 3.20.2 a
6. REVISED Exhibit A, Section A.1
7. REVISED Exhibit A, Section A.3
8. REVISED Exhibit A, Section A.5
9. ADDED Exhibit C, Section C.1 7



**STATE OF MISSOURI
OFFICE OF ADMINISTRATION
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT (DPMM)
REQUEST FOR PROPOSAL (RFP)**

**AMENDMENT NO.: 004
RFP NO.: B2Z11019
TITLE: OFFENDER TELEPHONE SYSTEM
ISSUE DATE: 03/01/11**

**REQ NO.: NR 300 31501000001
BUYER: Brent Dixon
PHONE NO.: (573) 751-4903
E-MAIL: brent.dixon@oa.mo.gov**

RETURN PROPOSAL NO LATER THAN: 03/09/11 AT 2:00 PM CENTRAL TIME

MAILING INSTRUCTIONS: Print or type **RFP Number** and **Return Due Date** on the lower left hand corner of the envelope or package. *Delivered sealed proposals must be in DPMM office (301 W High Street, Room 630) by the return date and time.*

RETURN PROPOSAL AND AMENDMENT(S) TO:

**(U.S. Mail)
DPMM
PO BOX 809
JEFFERSON CITY MO 65102-0809**

**(Courier Service)
DPMM
301 WEST HIGH STREET, ROOM 630
JEFFERSON CITY MO 65101-1517**

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

DELIVER SUPPLIES/SERVICES FOB (Free On Board) DESTINATION TO THE FOLLOWING ADDRESS:

**VARIOUS CORRECTIONAL INSTITUTIONS
THROUGHOUT THE STATE OF MISSOURI
OFFICE OF ADMINISTRATION, INFORMATION TECHNOLOGY SERVICES DIVISION**

The offeror hereby declares understanding, agreement and certification of compliance to provide the items and/or services, at the prices quoted, in accordance with all terms and conditions, requirements, and specifications of the original RFP as modified by this and any previously issued RFP amendments. The offeror should, as a matter of clarity and assurance, also sign and return all previously issued RFP amendment(s) and the original RFP document. The offeror agrees that the language of the original RFP as modified by this and any previously issued RFP amendments shall govern in the event of a conflict with his/her proposal. The offeror further agrees that upon receipt of an authorized purchase order from the Division of Purchasing and Materials Management or when a Notice of Award is signed and issued by an authorized official of the State of Missouri, a binding contract shall exist between the offeror and the State of Missouri.

SIGNATURE REQUIRED

DOING BUSINESS AS (DBA) NAME		LEGAL NAME OF ENTITY/INDIVIDUAL FILED WITH IRS FOR THIS TAX ID NO.	
MAILING ADDRESS		IRS FORM 1099 MAILING ADDRESS	
CITY, STATE, ZIP CODE		CITY, STATE, ZIP CODE	
CONTACT PERSON		EMAIL ADDRESS	
PHONE NUMBER		FAX NUMBER	
TAXPAYER ID NUMBER (TIN)	TAXPAYER ID (TIN) TYPE (CHECK ONE) ___ FEIN ___ SSN		VENDOR NUMBER (IF KNOWN)
VENDOR TAX FILING TYPE WITH IRS (CHECK ONE) ___ Corporation ___ Individual ___ State/Local Government ___ Partnership ___ Sole Proprietor ___ IRS Tax-Exempt			
AUTHORIZED SIGNATURE		DATE	
PRINTED NAME		TITLE	

TITLE: OFFENDER TELEPHONE SYSTEM

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

Prospective offerors are hereby notified of the following revisions to the RFP:

1. REVISED paragraph 2.1.13
2. ADDED paragraph 4.3.9
3. REVISED Exhibit A, Section A.4
4. ADDED Exhibit A, Section A.5
5. ADDED Exhibit C, Section C.1 6.



**STATE OF MISSOURI
OFFICE OF ADMINISTRATION
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT (DPMM)
REQUEST FOR PROPOSAL (RFP)**

AMENDMENT NO.: 003
RFP NO.: B2Z11019
TITLE: OFFENDER TELEPHONE SYSTEM
ISSUE DATE: 02/23/11

REQ NO.: NR 300 31501000001
BUYER: Brent Dixon
PHONE NO.: (573) 751-4903
E-MAIL: brent.dixon@oa.mo.gov

RETURN PROPOSAL NO LATER THAN: 03/09/11 AT 2:00 PM CENTRAL TIME

MAILING INSTRUCTIONS: Print or type **RFP Number** and **Return Due Date** on the lower left hand corner of the envelope or package. Delivered sealed proposals must be in DPMM office (301 W High Street, Room 630) by the return date and time.

RETURN PROPOSAL AND AMENDMENT(S) TO:

(U.S. Mail)
DPMM
PO BOX 809
JEFFERSON CITY MO 65102-0809

or

(Courier Service)
DPMM
301 WEST HIGH STREET, ROOM 630
JEFFERSON CITY MO 65101-1517

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

DELIVER SUPPLIES/SERVICES FOB (Free On Board) DESTINATION TO THE FOLLOWING ADDRESS:

**VARIOUS CORRECTIONAL INSTITUTIONS
THROUGHOUT THE STATE OF MISSOURI
OFFICE OF ADMINISTRATION, INFORMATION TECHNOLOGY SERVICES DIVISION**

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SIGNATURE REQUIRED

DOING BUSINESS AS (DBA) NAME		LEGAL NAME OF ENTITY/INDIVIDUAL FILED WITH IRS FOR THIS TAX ID NO.	
MAILING ADDRESS		IRS FORM 1099 MAILING ADDRESS	
CITY, STATE, ZIP CODE		CITY, STATE, ZIP CODE	
CONTACT PERSON		EMAIL ADDRESS	
PHONE NUMBER		FAX NUMBER	
TAXPAYER ID NUMBER (TIN)	TAXPAYER ID (TIN) TYPE (CHECK ONE) ___ FEIN ___ SSN		VENDOR NUMBER (IF KNOWN)
VENDOR TAX FILING TYPE WITH IRS (CHECK ONE) ___ Corporation ___ Individual ___ State/Local Government ___ Partnership ___ Sole Proprietor ___ IRS Tax-Exempt			
AUTHORIZED SIGNATURE		DATE	
PRINTED NAME		TITLE	

TITLE: OFFENDER TELEPHONE SYSTEM

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

Prospective offerors are hereby notified of the following revisions to the RFP:

1. Changed Closing Date:
As Stated: Return bid no later than 02/25/11 at 2:00 pm
Change to: Return bid no later than 03/09/11 at 2:00 pm
2. REVISED paragraph 2.2.13
3. REVISED paragraph 2.4.4
4. REVISED paragraph Exhibit A, Section A.1



**STATE OF MISSOURI
OFFICE OF ADMINISTRATION
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT (DPMM)
REQUEST FOR PROPOSAL (RFP)**

**AMENDMENT NO.: 002
RFP NO.: B2Z11019
TITLE: OFFENDER TELEPHONE SYSTEM
ISSUE DATE: 02/09/11**

**REQ NO.: NR 300 31501000001
BUYER: Brent Dixon
PHONE NO.: (573) 751-4903
E-MAIL: brent.dixon@oa.mo.gov**

RETURN PROPOSAL NO LATER THAN: 02/25/11 AT 2:00 PM CENTRAL TIME

MAILING INSTRUCTIONS: Print or type **RFP Number** and **Return Due Date** on the lower left hand corner of the envelope or package. Delivered sealed proposals must be in DPMM office (301 W High Street, Room 630) by the return date and time.

RETURN PROPOSAL AND AMENDMENT(S) TO:

(U.S. Mail)

**DPMM
PO BOX 809
JEFFERSON CITY MO 65102-0809**

or

(Courier Service)

**DPMM
301 WEST HIGH STREET, ROOM 630
JEFFERSON CITY MO 65101-1517**

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

DELIVER SUPPLIES/SERVICES FOB (Free On Board) DESTINATION TO THE FOLLOWING ADDRESS:

**VARIOUS CORRECTIONAL INSTITUTIONS
THROUGHOUT THE STATE OF MISSOURI
OFFICE OF ADMINISTRATION, INFORMATION TECHNOLOGY SERVICES DIVISION**

The offeror hereby declares understanding, agreement and certification of compliance to provide the items and/or services, at the prices quoted, in accordance with all terms and conditions, requirements, and specifications of the original RFP as modified by this and any previously issued RFP amendments. The offeror should, as a matter of clarity and assurance, also sign and return all previously issued RFP amendment(s) and the original RFP document. The offeror agrees that the language of the original RFP as modified by this and any previously issued RFP amendments shall govern in the event of a conflict with his/her proposal. The offeror further agrees that upon receipt of an authorized purchase order from the Division of Purchasing and Materials Management or when a Notice of Award is signed and issued by an authorized official of the State of Missouri, a binding contract shall exist between the offeror and the State of Missouri.

SIGNATURE REQUIRED

DOING BUSINESS AS (DBA) NAME	LEGAL NAME OF ENTITY/INDIVIDUAL FILED WITH IRS FOR THIS TAX ID NO.
MAILING ADDRESS	IRS FORM 1099 MAILING ADDRESS
CITY, STATE, ZIP CODE	CITY, STATE, ZIP CODE

CONTACT PERSON	EMAIL ADDRESS	
PHONE NUMBER	FAX NUMBER	
TAXPAYER ID NUMBER (TIN)	TAXPAYER ID (TIN) TYPE (CHECK ONE) ___ FEIN ___ SSN	VENDOR NUMBER (IF KNOWN)
VENDOR TAX FILING TYPE WITH IRS (CHECK ONE) ___ Corporation ___ Individual ___ State/Local Government ___ Partnership ___ Sole Proprietor ___ IRS Tax-Exempt		
AUTHORIZED SIGNATURE	DATE	
PRINTED NAME	TITLE	

TITLE: OFFENDER TELEPHONE SYSTEM

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

Prospective offerors are hereby notified of the following revisions to the RFP:

1. DELETED Section 3.8 and its subparagraphs



**STATE OF MISSOURI
OFFICE OF ADMINISTRATION
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT (DPMM)
REQUEST FOR PROPOSAL (RFP)**

AMENDMENT NO.: 001
RFP NO.: B2Z11019
TITLE: OFFENDER TELEPHONE SYSTEM
ISSUE DATE: 01/25/11

REQ NO.: NR 300 31501000001
BUYER: Brent Dixon
PHONE NO.: (573) 751-4903
E-MAIL: brent.dixon@oa.mo.gov

RETURN PROPOSAL NO LATER THAN: 02/25/11 AT 2:00 PM CENTRAL TIME

MAILING INSTRUCTIONS: Print or type **RFP Number** and **Return Due Date** on the lower left hand corner of the envelope or package. Delivered sealed proposals must be in DPMM office (301 W High Street, Room 630) by the return date and time.

RETURN PROPOSAL AND AMENDMENT(S) TO:

(U.S. Mail)
DPMM
PO BOX 809
JEFFERSON CITY MO 65102-0809

(Courier Service)
DPMM
301 WEST HIGH STREET, ROOM 630
JEFFERSON CITY MO 65101-1517

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

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SIGNATURE REQUIRED

DOING BUSINESS AS (DBA) NAME
MAILING ADDRESS
CITY, STATE, ZIP CODE

LEGAL NAME OF ENTITY/INDIVIDUAL FILED WITH IRS FOR THIS TAX ID NO.
IRS FORM 1099 MAILING ADDRESS
CITY, STATE, ZIP CODE

CONTACT PERSON		EMAIL ADDRESS	
PHONE NUMBER		FAX NUMBER	
TAXPAYER ID NUMBER (TIN)	TAXPAYER ID (TIN) TYPE (CHECK ONE) ___ FEIN ___ SSN		VENDOR NUMBER (IF KNOWN)
VENDOR TAX FILING TYPE WITH IRS (CHECK ONE) ___ Corporation ___ Individual ___ State/Local Government ___ Partnership ___ Sole Proprietor ___ IRS Tax-Exempt			
AUTHORIZED SIGNATURE		DATE	
PRINTED NAME		TITLE	

TITLE: OFFENDER TELEPHONE SYSTEM

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

Prospective offerors are hereby notified of the following revisions to the RFP:

1. Changed Closing Date:
As Stated: Return bid no later than 02/08/11 at 2:00 pm
Change to: Return bid no later than 02/25/11 at 2:00 pm
2. REVISED paragraph 1.5.2
3. REVISED paragraph 1.5.4
4. REVISED paragraph 1.7.2
5. REVISED paragraph 2.1.7
6. REVISED paragraph 2.1.8
7. ADDED paragraph 2.1.13
8. REVISED paragraph 2.2.13
9. REVISED paragraph 2.3.4
10. REVISED paragraph 2.3.5
11. ADDED subparagraphs 2.3.5.a – 2.3.5.g
12. ADDED subparagraph 2.3.7.g
13. DELETED paragraph 2.3.9
14. ADDED subparagraphs 2.3.10.a and 2.3.10.b
15. REVISED paragraph 2.4.3
16. REVISED paragraph 2.4.4
17. REVISED paragraph 2.4.5
18. REVISED paragraph 2.5.3
19. REVISED paragraph 2.5.8
20. REVISED paragraph 2.5.9
21. REVISED paragraph 2.8.2
22. DELETED paragraph 2.8.4
23. REVISED paragraph 2.9.5
24. REVISED paragraph 2.11.8
25. REVISED paragraph 2.18.3
26. REVISED paragraph 2.18.3.b
27. REVISED paragraph 2.18.4
28. REVISED paragraph 2.18.4.b
29. ADDED paragraph 2.18.8
30. REVISED paragraph 2.23.1
31. ADDED paragraph 2.23.3.b
32. REVISED paragraph 3.13.1
33. REVISED paragraph 3.18.1
34. REVISED paragraph 3.22.1
35. ADDED paragraph 4.3.8
36. REVISED paragraph 4.6.1
37. REVISED paragraph 4.6.7
38. REVISED subparagraph 4.7.1.a.1)
39. REVISED Exhibit A
40. ADDED paragraph C1.1.4 in Exhibit C
41. ADDED paragraph C1.1.5 in Exhibit C
42. REVISED Exhibit D
43. REVISED Attachment #1
44. ADDED Attachment #3



**STATE OF MISSOURI
OFFICE OF ADMINISTRATION
DIVISION OF PURCHASING AND MATERIALS MANAGEMENT (DPMM)
REQUEST FOR PROPOSAL (RFP)**

**RFP NO.: B2Z11019
TITLE: OFFENDER TELEPHONE SYSTEM
ISSUE DATE: 12/20/10**

**REQ NO.: NR 300 31501000001
BUYER: Brent Dixon
PHONE NO.: (573) 751-4903
E-MAIL: brent.dixon@oa.mo.gov**

RETURN PROPOSAL NO LATER THAN: 02/08/11 AT 2:00 PM CENTRAL TIME

MAILING INSTRUCTIONS: Print or type **RFP Number** and **Return Due Date** on the lower left hand corner of the envelope or package. Delivered sealed proposals must be in DPMM office (301 W High Street, Room 630) by the return date and time.

	(U.S. Mail)	or	(Courier Service)
RETURN PROPOSAL TO:	DPMM		DPMM
	PO BOX 809		301 WEST HIGH STREET, RM 630
	JEFFERSON CITY MO 65102-0809		JEFFERSON CITY MO 65101-1517

CONTRACT PERIOD: DATE OF AWARD THROUGH FIVE YEARS

DELIVER SUPPLIES/SERVICES FOB (Free On Board) DESTINATION TO THE FOLLOWING ADDRESS:

**VARIOUS CORRECTIONAL INSTITUTIONS
THROUGHOUT THE STATE OF MISSOURI
OFFICE OF ADMINISTRATION, INFORMATION TECHNOLOGY SERVICES DIVISION**

The offeror hereby declares understanding, agreement and certification of compliance to provide the items and/or services, at the prices quoted, in accordance with all requirements and specifications contained herein and the Terms and Conditions Request for Proposal (Revised 01/20/10). The offeror further agrees that the language of this RFP shall govern in the event of a conflict with his/her proposal. The offeror further agrees that upon receipt of an authorized purchase order from the Division of Purchasing and Materials Management or when a Notice of Award is signed and issued by an authorized official of the State of Missouri, a binding contract shall exist between the offeror and the State of Missouri.

SIGNATURE REQUIRED

DOING BUSINESS AS (DBA) NAME		LEGAL NAME OF ENTITY/INDIVIDUAL FILED WITH IRS FOR THIS TAX ID NO.	
MAILING ADDRESS		IRS FORM 1099 MAILING ADDRESS	
CITY, STATE, ZIP CODE		CITY, STATE, ZIP CODE	
CONTACT PERSON		EMAIL ADDRESS	
PHONE NUMBER		FAX NUMBER	
TAXPAYER ID NUMBER (TIN)	TAXPAYER ID (TIN) TYPE (CHECK ONE) ___ FEIN ___ SSN		VENDOR NUMBER (IF KNOWN)
VENDOR TAX FILING TYPE WITH IRS (CHECK ONE) ___ Corporation ___ Individual ___ State/Local Government ___ Partnership ___ Sole Proprietor ___ IRS Tax Exempt			
AUTHORIZED SIGNATURE		DATE	
PRINTED NAME		TITLE	

1. INTRODUCTION AND GENERAL INFORMATION

This section of the RFP includes a brief introduction and background information about the intended acquisition for which the requirements herein are written. The contents of this section are intended for informational purposes and do not require a response.

1.1 Purpose:

1.1.1 This document constitutes a request for sealed proposals from prospective offerors for the provision of an offender telephone service for the Office of Administration, Information Technology Services Division for various existing and future correctional institutions operated by the Missouri Department of Corrections (referred to hereinafter as the "state agency"), and to provide all operator assisted and automated telephone services to the offenders in accordance with the requirements and provisions stated herein.

1.1.2 RFP Document Contents: This document, referred to as a Request for Proposal (RFP), is divided into the following parts:

- Section 1: Introduction and General Information
- Section 2: Functional, Technical, and Performance Requirements
- Section 3: Contractual Provisions and Requirements
- Section 4: Proposal Submission Information and Requirements
- Exhibit A: Pricing (Cost)
- Exhibit B: Experience and Reliability of Organization
- Exhibit C: Proposed Method of Performance, Solution Functionality, and Expertise of Personnel
- Exhibit D: Participation by Other Organizations
- Exhibit E: Missouri Service-Disabled Veteran Business Preference
- Exhibit F: Business Entity Certification, Enrollment Documentation and Affidavit of Work Authorization
- Exhibit G: Miscellaneous Information
- Attachment 1: Missouri Correctional Institutions
- Attachment 2: Department of Corrections Confidentiality Document Terms and Conditions

1.2 Pre-Proposal Conference:

1.2.1 A pre-proposal conference regarding this Request for Proposal will be held on Monday, January 10, 2011 beginning at 9:30 a.m. Central Time in Room 400 of the Harry S Truman State Office Building in Jefferson City, Missouri.

1.2.2 Pre-Proposal Conference Agenda - The RFP will be used as the agenda for the pre-proposal conference.

1.2.3 Pre-Proposal Conference RFP Questions – All potential offerors are encouraged to participate in the Pre-Proposal Conference as it will be used as the forum for questions, communications, and discussions regarding the RFP. The offeror should become familiar with the RFP and develop all questions prior to the conference in order to ask questions and otherwise participate in the public communications regarding the RFP.

- a. Prior Communication – Prior to the Pre-Proposal Conference, the offeror may submit written communications and/or questions regarding the RFP to the buyer identified on page one. Such prior communication will provide the State of Missouri with insight into areas of the RFP which may be brought up for discussion during the conference and which may require clarification.

- b. During the Pre-Proposal Conference, the buyer of record will attempt to respond to all previously received questions/concerns regarding the RFP but it shall be the sole responsibility of the offeror to orally address any issues previously presented to the buyer by the offeror that the buyer of record may have failed to address.
- c. Amendment to the RFP - Any changes needed to the RFP as a result of discussions from the Pre-Proposal Conference will be accomplished as an amendment to the RFP. Formal minutes of the conference will not be maintained.

1.2.4 Pre-Proposal Conference Special Accommodations - Offerors are strongly encouraged to advise the Division of Purchasing and Materials Management within five (5) working days of the scheduled pre-proposal conference of any special accommodations needed for disabled personnel who will be attending the conference so that these accommodations can be made.

1.3 RFP Questions:

- 1.3.1 Questions and issues relating to the RFP must be directed to the buyer, Brent Dixon. It is preferred that questions be e-mailed to brent.dixon@oa.mo.gov.
- 1.3.2 All questions and issues should be submitted no later than ten (10) calendar days prior to the due date of the proposals. If not received prior to ten days before the proposal due date, the Division of Purchasing and Materials Management (DPMM) may not be able to fully research and consider the respective questions or issues.
- 1.3.3 Questions and issues necessitating requirement changes or clarifications will result in an amendment to the RFP. As a result, some questions and issues may not result in a direct response to the inquiring vendor.

1.4 Offeror's Contacts:

1.4.1 Offerors and their agents (including subcontractors, employees, consultants, or anyone else acting on their behalf) must direct all of their questions or comments regarding the RFP, the evaluation, etc. to the buyer of record indicated on the first page of this RFP. Offerors and their agents may not contact any other state employee regarding any of these matters during the solicitation and evaluation process. Inappropriate contacts are grounds for suspension and/or exclusion from specific procurements. Offerors and their agents who have questions regarding this matter should contact the buyer of record.

1.5 Background Information:

1.5.1 The State of Missouri, Office of Administration, Information Technology Services Division is seeking an experienced contractor to provide an offender telephone service for the Department of Corrections that allows the offenders residing in the state's correctional institutions to place calls through the contractor provided offender telephone system to parties outside the facility.

REVISED PER AMENDMENT #001

1.5.2 The total number of calls and minutes of international calls is currently zero. The total number of calls and minutes of local, intraLATA, interLATA, and interstate used during calendar year 2009 and 2010 in the current offender telephone services contract was as follows:

Call Information By Call Type				
	2009		2010	
	Calls Placed	Duration of Calls (Minutes)	Calls Placed	Duration of Calls (Minutes)

Collect Calls	1,439,350	23,070,844	1,329,865	15,971,135
Debit Calls	5,975,563	51,862,148	7,125,702	55,949,563
Pre-paid Calls	2,821,246	38,119,266	3,668,549	45,536,201
Totals	10,236,159	113,052,258	12,124,116	117,456,899

Call Information By Call Location				
	2009		2010	
	Calls Placed	Duration of Calls (Minutes)	Calls Placed	Duration of Calls (Minutes)
Interstate	1,272,055	15,065,329	1,900,669	16,698,990
IntraLATA	4,782,250	52,231,522	5,382,639	52,885,901
InterLATA	4,046,146	44,269,851	4,706,375	46,594,174
Local	135,708	1,485,556	134,432	1,277,834
Total	10,236,159	113,052,258	12,124,116	117,456,899

- 1.5.3 While previous calling information is provided, no guarantee is made by the state on future call volumes or the distribution of those call volumes by call type or location.

REVISED PER AMENDMENT #001

- 1.5.4 There are approximately 32,000 offenders in the Department of Corrections' institutions related to the contract. This number may fluctuate. *The total number of offenders in Department of Corrections' institutions on January 18, 2011 was 30,548 offenders.*
- 1.5.5 The current contractor, Public Communications Services, Inc. (PCS), owns all the equipment associated with the offender phone infrastructure provided and installed by the contractor. The State of Missouri owns the existing cabling.

1.6 Awarded Bid & Contract Document Search:

- 1.6.1 A copy of the current contract can be viewed and printed from the Division of Purchasing and Materials Management's Awarded Bid & Contract Document Search System located on the Internet at: <http://www.oa.mo.gov/purch>. In addition, all proposal and evaluation documentation leading to the award of that contract may also be viewed and printed from the Division of Purchasing and Materials Management's Awarded Bid & Contract Document Search System. Please reference the Bid number B2Z05070 or the contract number C205070001 when searching for these documents.
- 1.6.2 Although an attempt has been made to provide accurate and up-to-date information, the State of Missouri does not warrant or represent that the background information provided herein reflects all relationships or existing conditions related to this Request for Proposal.

1.7 Tour of Facility:

- 1.7.1 To ensure the offeror understands the requirements of the RFP, two (2) hour tours of each correctional facility will occur according to the schedule stated below. Background checks will be conducted prior to granting the offeror and/or the offeror's employee approval to enter the facilities. In order to be considered for participation in one or all of these tours, the offeror must contact Melissa Scheulen at the Missouri Department of Corrections, Office of the Division of Adult Institutions, 2729 Plaza Drive, Jefferson City, MO 65109, 573-751-2389, at least seventy-two (72) hours prior to the tour(s) to provide the official name of their company, the full names (first, middle initial and last), dates of birth, and

social security numbers of the individuals that will be participating in the tour(s) so that background checks can be completed and decisions regarding entrance approval/disapproval can be made. Locations and addresses of the institutions are stated in Attachment #1.

REVISED PER AMENDMENT #001

1.7.2 Proposed Tour Schedule:

Date of Tour	Location	Time of Tour
January 11, 2011	JCCC	8:30 a.m. Central Time
January 11, 2011	ACC	12:30 p.m. Central Time
January 12, 2011	CRCC	8:30 a.m. Central Time
January 12, 2011	WMCC	12:30 p.m. Central Time
January 13, 2011	MTC	8:30 a.m. Central Time
January 13, 2011	WRDCC	12:30 p.m. Central Time
January 14, 2011	KCCRC	8:30 a.m. Central Time
January 18, 2011	CCC	8:30 a.m. Central Time
January 19, 2011	MCC	8:30 a.m. Central Time
January 20, 2011	BCC	8:30 a.m. Central Time
January 20, 2011	TCC	12:30 p.m. Central Time
January 21, 2011	FRDC	8:30 a.m. Central Time
January 21, 2011	CTCC	12:30 p.m. Central Time
January 24, 2011	WERDCC	8:30 a.m. Central Time
January 24, 2011	NECC	12:30 p.m. Central Time
January 25, 2011	SLCRC	8:30 a.m. Central Time
January 25, 2011	MECC	12:30 p.m. Central Time
January 26, 2011	ERDCC	8:30 a.m. Central Time
January 26, 2011	FCC	12:30 p.m. Central Time
January 27, 2011	SECC	8:30 a.m. Central Time
January 28, 2011	PCC	8:30 a.m. Central Time
January 31, 2011	SCCC	8:30 a.m. Central Time
February 1, 2011	OCC	8:30 a.m. Central Time

This schedule does not include the Investigation Offices.

- 1.7.3 Any questions resulting from tours of the facility must be directed to Brent Dixon, Buyer, at the contact information stated on page one.