

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

December 30, 2008

IN RE:

**APPLICATION OF INMATE CALLING SOLUTIONS,
LLC D/B/A ICSOLUTIONS FOR AUTHORITY TO
TRANSFER CONTROL**

)
)
)
)
)

**DOCKET NO.
08-00180**

ORDER APPROVING TRANSFER OF CONTROL

This matter came before Chairman Tre Hargett, Director Eddie Roberson and Director Sara Kyle of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on November 10, 2008 for consideration of the *Application for Transfer of Control* (“*Application*”) filed by Inmate Calling Solutions, LLC d/b/a ICSolutions, LLC (“ICS” or “Applicant”) on September 24, 2008.

ICS is a California limited liability company with headquarters in San Jose, California. ICS provides inmate calling services and currently serves approximately 115 correctional facilities in thirty-four states. In Tennessee, ICS is authorized to provide operator services¹ and to provide payphone services.² As an inmate service provider, ICS does not have presubscribed customers.

¹ *In re: Application of Inmate Calling Solutions, LLC d/b/a ICSolutions for a Certificate to Provide Operator Services and/or Resell Telecommunications Services in Tennessee*, Docket No. 06-00129, *Order Granting Authority to Provide Operator Services in Tennessee* (August 17, 2006).

² *In re: Application of Inmate Calling Solutions, LLC d/b/a ICSolutions for a Certificate to Provide Customer-Owned Coin (or Coinless) Operated Telephone Service in Tennessee*, Docket No. 06-00130, *Order Granting Authority to Provide Customer Owned Coin or Coinless Operated Telephone Service* (August 21, 2006).

The Billing Resource (“TBR” or “Seller”), a California-based clearinghouse established in 1988, is the parent company of ICS and serves providers who outsource their billing support functions. In September 2007, TBR voluntarily filed for protection under Chapter 11 of the U.S. bankruptcy laws (N. D. California, San Jose Division; Case No. 07-52890). As a part of its plan of reorganization, TBR is pursuing a sale of substantially all of its assets including its operating subsidiaries. On September 4, 2008, the bankruptcy court approved the sale of ICS to Michael R. Smith and Group, LLC (“Smith” or “Buyer”) subject to all required regulatory approvals.

Smith is a Texas Limited Liability Corporation formed in May 2008 for the purpose of acquiring ICS. Michael Smith is the managing director and sole officer. Mr. Smith has twenty-eight years in telecommunications and billing clearinghouse experience and founded Operator Service Company, a nationwide operator services provider and Merchant Clearing House, a billing clearing house. Buyer is not certificated in the state of Tennessee.

The Application

The Applicant requests approval of a transfer of authority from its parent company, TBR, to Smith in furtherance of its plan of reorganization. According to the *Application*, on August 28, 2008, TBR and Smith executed a purchase agreement whereby Buyer proposes to purchase all of Seller’s ownership interests in ICS in return for a cash payment and release of certain trade payables.

After consummation of the transfer, ICS will be majority-owned and controlled by Buyer with no change contemplated in day to day management. There will be no changes in rates, terms or conditions of service and ICS will remain a separate operating company and will continue to provide service in Tennessee under the name of ICSolutions. The proposed transaction will enable ICS to continue its mission to develop and offer innovative solutions

responding to the demands of the corrections market, serving the needs of inmates and their families as well as facility management personnel.

Findings and Conclusions

Tenn. Code Ann. § 65-4-113 (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

At the regularly scheduled Authority Conference held on November 10, 2008, the voting panel³ assigned to this docket considered the *Application* and voted unanimously to approve the transfer of authority pursuant to Tenn. Code Ann. § 65-4-113 (2004).

IT IS THEREFORE ORDERED THAT:

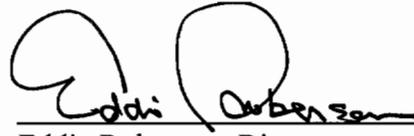
1. The transfer of authority of Inmate Calling Solutions, LLC d/b/a ICSolutions, LLC to Michael R. Smith and Group, LLC as described in the *Application for Transfer of Control* and discussed herein is approved pursuant to Tenn. Code Ann. § 65-4-113 (2004).

³ Director Kyle stated that much concern has been expressed about the rates charged by providers of inmate calling services in past dockets. Director Kyle further stated that rates for inmates are especially important because the expense is often borne by the family of the inmate, and that as a result of the location of the detention facilities, telephone calls are often the only means of communication between the inmate, their spouse, children and other family members. Finally, Director Kyle noted that the Petitioners represent that they do not expect to raise rates as a result of the transaction and will continue to provide services pursuant to their existing terms and conditions.

2. The Applicant is directed to file with the Authority any subsequent documentation from the Federal Communications Commission regarding the transfer.



Tre Hargett, Chairman



Eddie Roberson, Director



Sara Kyle, Director