

ORIGINAL



February 12, 2004  
Via Overnight Delivery

210 N. Park Ave.  
Winter Park, FL  
32789  
P.O. Drawer 200  
Winter Park, FL  
32790-0200

Blanca Bayo, Director  
Division of the Commission Clerk &  
Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

RECEIVED FPSC  
04 FEB 13 AM 11:39  
COMMISSION  
CLERK

**RE: T-NETIX, Inc.  
Notice of Transfer of Control**

Tel: 407-740-8575  
Fax: 407-740-0613  
tmi@tminc.com

Dear Ms. Bayo:

(040000)

T-NETIX, Inc. ("T-NETIX") is certificated telecommunications carrier in the State of Florida. The stock of T-NETIX is being acquired by TZ Holdings, Inc. T-NETIX will continue to operate as a separate, wholly owned subsidiary of TZ Holdings, Inc. The key management positions of T-NETIX remain the same. One (1) original and three (3) copies of the details of this transaction are attached for the Commission's files.

Questions or instructions pertaining to this transaction should be directed to my attention at (407) 740-3004 or [rnorton@tminc.com](mailto:rnorton@tminc.com).

Please acknowledge receipt of this filing by returning, file-stamped, the extra copy of this cover letter in the self-addressed, stamped envelope enclosed for this purpose.

Sincerely,

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

Robin Norton  
Consultant to T-NETIX

RN/im.

cc: Kendall Hollon - T-NETIX  
Lewis Schoenwetter - TZ Holdings  
File: T-NETIX, Inc. - FL  
TMS: FLX0401

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM \_\_\_\_\_  
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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

## **NOTICE OF TRANSFER OF CONTROL**

of

### **T-NETIX, INC.**

T-NETIX, Inc. ("T-NETIX") hereby provides notice relating to the proposed transfer (herein "Transfer") of controlling interest in its stock to TZ Holdings, Inc. ("Buyer").

As a result of this Transfer, T-NETIX will become a wholly owned subsidiary of Buyer, whose ultimate parent company is H.I.G. Capital Partners III, L.P.

T-NETIX will remain a separate operating company in Florida under the name of T-NETIX, Inc. T-NETIX was certificated to provide telecommunications service in the State of Florida in 1993.

T-NETIX Telecommunications Services, Inc. ("TTS") is a wholly owned subsidiary of T-NETIX, and is also a certified telecommunications provider in Florida. TTS was certificated to provide telecommunications service in the State of Florida in 1997. No change in the ownership or management of TTS is contemplated as a result of this Transfer. In fact, senior management of T-NETIX has entered into employment contracts that become effective upon consummation of the Transfer.

#### **I. THE COMPANY ACQUIRING T-NETIX, INC.**

TZ Holdings, Inc. ("Buyer") is a company organized under the laws of Delaware with its principal office located in Florida. A copy of the articles of incorporation is included as Exhibit 1. Buyer is not a certificated entity in the State of Florida and has not registered to do business in Florida as a foreign entity. Buyer is a holding corporation organized for the purpose of holding TZ

Acquisition, Inc. which in turn, was formed for the purpose of merging with and into T-NETIX, Inc.

H.I.G. Capital Partners III, L.P., a Delaware limited partnership, ("H.I.G Capital") was formed as a vehicle for the acquisition of companies and is the ultimate parent of Buyer. H.I.G Capital has a diverse group of strategic partners who serve as an important resource in helping entrepreneurs and management teams build businesses of significant value. Investors include some of the world's leading investment banks, financial institutions, pension funds and endowments. H.I.G. Capital is a leading private equity and venture capital investment firm with more than \$1 Billion of equity capital under management.

Since its founding in 1993, H.I.G. Capital has been an active investor, acquiring more than fifty businesses, and have provided growth capital to a long list of promising early stage technology companies.

By acquiring T-NETIX, H.I.G. Capital adds a leading provider of specialized call processing and fraud control software technologies, as well as corrections industry related telecommunications services to its portfolio companies. The press release attached as Exhibit 3 provides more information about the overall acquisition.

## **II. THE AGREEMENT**

On January 22, 2004, T-NETIX entered into an Agreement and Plan of Merger. As a net result of the merger, Buyer will own 100% of the outstanding shares of Common Stock in T-NETIX.

T-NETIX will remain a separate operating company. This Agreement and Plan of Merger do not contemplate that Buyer, or its ultimate parent company, H.I.G. Capital, will operate directly in Florida as a telecommunications services provider.

### **III. CUSTOMER IMPACT**

Both T-NETIX and its subsidiary, TTS, will remain separate certificated companies in the State of Florida. T-NETIX, however, does not conduct any retail regulated operations. All retail regulated services are provided by the subsidiary, TTS, which has a current tariff on file with the Florida Public Service Commission. The proposed Transfer will have no effect on the rates or terms and conditions of service. TTS will continue to market, brand and bill its services in the same name. The toll free telephone number for customer service will remain the same: 888-610-7079. At this time there are no definitive plans to change the management structure of T-NETIX or TTS. In fact, senior management of T-NETIX has entered into employment contracts that become effective upon consummation of the Transfer. Since neither T-NETIX nor TTS have presubscribed customers, and also since inmate customers are not directly affected by this transaction, no direct customer notice is contemplated.

### **IV. CONTACT INFORMATION**

The name and address of the individual to contact regarding this filing is:

Robin Norton  
Technologies Management, Inc.  
210 Park Avenue North  
Winter Park, Florida 32789  
Telephone: (407) 740-3004  
Facsimile: (407) 740-0613  
email: rnorton@tminc.com

The name and address of the individual who handles regulatory affairs on behalf of T-NETIX will continue to be:

Kendall Euler Hollon, Regulatory Manager  
Kendall.hollon@t-netix.com  
2155 Chenault Drive, Suite 410  
Carrollton, TX 75006  
Phone: 972-241-1535  
Fax: 972-236-6977  
e-mail: kendall.hollon@t-netix.com

The name and address of the individual who handles regulatory affairs on behalf of Buyer and H.I.G. Capital is:

Name: Mr. Brian Schwartz  
Address: c/o H.I.G. Capital, LLC  
1001 Brickell Bay Drive, 27<sup>th</sup> Floor  
Miami, Florida 33131  
Telephone: (305) 379-2322  
Facsimile: (305) 379-2013  
email: bschwartz@higcapital.com

A complete listing of officers and directors for T-NETIX, Inc. and TZ Holdings, Inc. is attached as Exhibit 2.

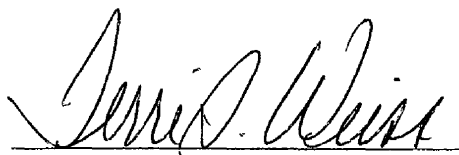
**VERIFICATION**

I, Wayne A. Johnson, II, hereby declare under penalty of perjury, that I am Executive Vice President and General Counsel of T-NETIX, Inc., that I am authorized to make this verification on behalf of T-NETIX, Inc.; that I have read the foregoing Notice; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.



Wayne A. Johnson, II, Executive Vice President and  
General Counsel  
T-NETIX, Inc.

Sworn to and subscribed before me this 10<sup>th</sup> day of February, 2004.



Notary Public

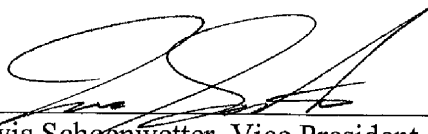
My Commission expires:

11/21/06

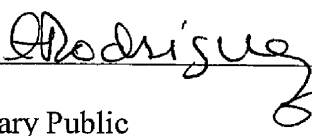


**VERIFICATION**


I, Lewis Schoenwetter hereby declare under penalty of perjury, that I am Vice President of TZ Holdings, Inc.; that I am authorized to make this verification on TZ Holdings, Inc.'s behalf; that I have read the foregoing Notice; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Lewis Schoenwetter, Vice President  
TZ Holdings, Inc.

Sworn to and subscribed before me this 10 day of February, 2004.

  
\_\_\_\_\_  
Notary Public

My Commission expires:

 Ellen Rodriguez  
My Commission CC972601  
Expires October 03, 2004  
\_\_\_\_\_

**TZ Holdings, Inc. (Buyer)**

**Exhibit 1**

**ARTICLES OF INCORPORATION**



# Delaware

PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "TZ HOLDINGS, INC.", FILED IN THIS OFFICE ON THE TWELFTH DAY OF JANUARY, A.D. 2004, AT 11:56 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State

3750176 8100

040022157

AUTHENTICATION: 2865551

DATE: 01-12-04

CERTIFICATE OF INCORPORATION  
OF  
TZ HOLDINGS, INC.

ARTICLE I

The name of the Corporation is TZ Holdings, Inc.

ARTICLE II

The registered office of the Corporation in the State of Delaware is located at 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The Corporation is to have perpetual existence.

ARTICLE IV

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware as the same exists or may hereafter be amended ("Delaware Law").

ARTICLE V

The Corporation shall have authority to issue 3,000 shares of Common Stock, \$01 par value per share (the "Common Stock").

ARTICLE VI

The name of the Incorporator is J. Gerard Legagneur, Jr., Esquire and the address of the Incorporator is 200 S. Biscayne Boulevard, Suite 4900, Miami, Florida 33131.

ARTICLE VII

Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, the meeting and vote of stockholders may be dispensed with and such action may be taken with the written consent of stockholders having not less than the minimum percentage of the vote required by statute for the proposed corporate action or such higher percentage of the vote than may be required by this Certificate of Incorporation, provided that prompt notice shall be given to non-consenting stockholders of the taking of corporate action without a meeting and by less than unanimous consent.

ARTICLE VIII

Notwithstanding anything to the contrary contained in this Certificate of Incorporation, cumulative voting for the election directors is prohibited.

## ARTICLE IX

The holders of the Common Stock shall have no preemptive rights to subscribe for any shares of any class of stock of the Corporation whether now or hereafter authorized.

A. The Corporation shall indemnify any person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in, any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in and not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

B. This Corporation shall indemnify any person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of the Corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjusted to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such other court shall deem proper.

C. To the extent that a director, officer, employee or agent of a corporation (and the heirs, executors or administrators of such person) has been successful on the merits or otherwise in defense of any action, suit or proceedings referred to in subsections A and B, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

D. Any indemnification under subsections A and B (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that

indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections A and B. Such determination shall be made (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

E. Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceedings may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of such director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in Section 145 of Delaware Law. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

F. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. The Corporation shall be permitted to enter into contracts directly with its officers and directors providing the maximum indemnity and relief from liability permitted under Delaware Law.

G. This Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

No director shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of a director (i) for any breach the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of Delaware Law or any amendment thereto or success provision thereto or (iv) for any transaction from which the director derived an improper personal benefit. This provision shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date of filing this amendment with the Secretary of State of Delaware. Neither the amendment nor repeal of this Article XI, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Article XI shall eliminate or reduce the effect of this Article XI in respect of any matter occurring, or any cause of action, suit or claim but for this Article XI would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

**ARTICLE X**

The private property or assets of the stockholders of the Corporation shall not, to any extent whatsoever, be subject to the payment of debts of the Corporation.

**ARTICLE XI**

Elections of directors need not be by written ballot, unless otherwise provided in the by-laws of the Corporation.

**ARTICLE XII**

In furtherance and not in limitation of the rights, powers, privileges and discretionary authority granted or conferred by Delaware Law, or other laws of the State of Delaware, the board of directors is expressly authorized (i) to make, alter, or repeal the by-laws of the Corporation or to adopt new by-laws; (ii) to authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation; and (iii) to set apart out of any funds of the Corporation available for dividends a reserve or reserves for any proper purpose and reduce any such reserve in the manner in which it was created.

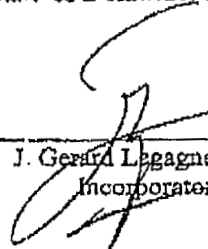
**ARTICLE XIII**

The number of the members of the board of directors shall be fixed by, or changed in the manner provided in, the by-laws.

**ARTICLE XIV**

The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders are granted subject to this reservation.

The undersigned, being the Incorporator named above, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, has signed this Certificate of Incorporation this 12<sup>th</sup> day of January, 2004.

  
\_\_\_\_\_  
J. Gerard Legagneur, J.  
Incorporator

**Exhibit 2**

**LISTING OF OFFICERS AND DIRECTORS**

## Officers and Directors

**T-NETIX, Inc.**  
**2155 Chenault Drive, Suite 410**  
**Carrollton, Texas 75006**

### **Directors:**

Daniel M. Carney  
Robert A. Geist  
James A. Mann  
Martin T. Hart  
John H. Burbank, III  
Daniel J. Taylor  
W.P. Buckthal  
Richard E. Cree  
Thomas E. Larkin

### **Officers:**

Richard E. Cree	Chief Executive Officer
John C. Poss	Chief Operating Officer
Henry G. Schopfer, III	Chief Financial Officer
Thomas R. Meriam	Executive Vice President of Strategic Markets
Wayne A. Johnson II	Executive Vice President/General Counsel/Secretary

**TZ Holdings, Inc.**  
**c/o H.I.G. Capital, LLC**  
**1001 Brickell Bay Drive, 27<sup>th</sup> Floor**  
**Miami, Florida 33131**

### **Directors:**

Brian Schwartz  
Lewis Schoenwetter

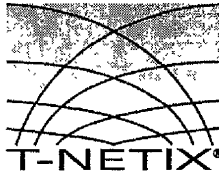
### **Officers:**

Brian Schwartz	President
Lewis Schoenwetter	Vice President, Secretary, Treasurer

**Exhibit 3**

**PRESS RELEASE**





# T-NETIX, Inc. NEWS RELEASE

FOR FURTHER INFORMATION:

**CONTACT:**

Richard E. Cree  
CEO  
972.241.1535  
[rick.cree@t-netix.com](mailto:rick.cree@t-netix.com)

Henry G. Schopfer III  
Chief Financial Officer  
972.241.1535  
[hank.schopfer@t-netix.com](mailto:hank.schopfer@t-netix.com)

Terri Weiss  
Investor Relations  
972.236.1182  
[terri.weiss@t-netix.com](mailto:terri.weiss@t-netix.com)

**FOR IMMEDIATE RELEASE**  
**Thursday, January 22, 2004**

## **DEFINITIVE AGREEMENT SIGNED FOR THE SALE OF T-NETIX, INC.**

Dallas, Texas, January 22, 2004 –T-NETIX, Inc. (NASDAQ: TNTX) (“T-NETIX”) announced today that it has entered into a definitive agreement with TZ Holdings, Inc. (“TZ Holdings”) and TZ Acquisition, Inc., a wholly-owned subsidiary of TZ Holdings, providing for the acquisition of T-NETIX for \$4.60 in cash per share of common stock. TZ Holdings is a newly-formed corporation principally owned by H. I. G. Capital, LLC (“H. I. G.”), a Miami, Florida-based private equity firm with capital under management in excess of \$1 billion.

The acquisition will be effected by a first step cash tender offer for all of T-NETIX’s outstanding common stock. The tender offer is expected to commence no later than February 5, 2004, and will remain open for at least 20 business days. The tender offer will be followed by a merger in which stockholders whose shares are not acquired in the tender offer will receive \$4.60 per share in cash. TZ Holdings has received financing commitments for the acquisition that will provide it with sufficient funds to complete the acquisition.

The tender offer is conditioned upon, among other things, greater than 50% of the outstanding T-NETIX shares of common stock being tendered in the tender offer, including all shares issuable upon the exercise of outstanding options or warrants to purchase shares of T-NETIX common stock. The merger is contingent upon various factors, including, among other things, obtaining any approval of T-NETIX's stockholders required under applicable law and the receipt of required regulatory consents and approvals. Members of T-NETIX's board of directors, management and related affiliates that collectively hold approximately 32% of T-NETIX's outstanding common stock have entered into contractual obligations to tender their shares of T-NETIX common stock in the tender offer, and to vote their shares of T-NETIX common stock in favor of the merger if required under applicable law.

T-NETIX's Board of Directors formed a Strategic Planning Committee to evaluate the

acquisition of T-NETIX by TZ Holdings and other strategic alternatives available for T-NETIX. After this evaluation, the Strategic Planning Committee recommended and approved the acquisition by TZ Holdings. Based upon that recommendation, T-NETIX's Board of Directors also approved the acquisition by TZ Holdings. The Strategic Planning Committee was advised by Mooreland Partners LLC with respect to certain financial matters relating to the acquisition, and received a fairness opinion from Udata Capital, Inc. on the per share price to be received by stockholders in the acquisition.

### **Investor Notices**

This press release contains statements which may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may result in either the tender offer or the merger not being consummated. These risks include satisfaction of the conditions to the consummation of the tender offer and the merger.

INVESTORS AND SECURITY HOLDERS ARE STRONGLY ADVISED TO READ BOTH THE TENDER OFFER STATEMENT ON SCHEDULE TO AND THE SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 REGARDING THE TENDER OFFER REFERRED TO HEREIN, WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. TZ ACQUISITION, INC. WILL FILE THE TENDER OFFER STATEMENT AND T-NETIX WILL FILE THE SOLICITATION/RECOMMENDATION STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION. INVESTORS AND SECURITY HOLDERS MAY OBTAIN A FREE COPY OF THESE STATEMENTS (WHEN AVAILABLE) AND OTHER DOCUMENTS FILED BY T-NETIX AND TZ ACQUISITION AT THE SEC'S WEB SITE AT WWW.SEC.GOV. IN ADDITION, INVESTORS AND SECURITY HOLDERS MAY OBTAIN FROM T-NETIX FREE COPIES OF THE DOCUMENTS THAT T-NETIX FILES WITH THE SEC. REQUESTS FOR SUCH DOCUMENTS SHOULD BE DIRECTED TO T-NETIX, INC., 2155 CHENAULT DRIVE, SUITE 410, CARROLLTON, TEXAS 75006, ATTENTION: LEGAL DEPARTMENT, TELEPHONE NUMBER (972) 241-1535.

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