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April 1, 2010

**VIA OVERNIGHT DELIVERY**

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615  
(502) 564-3940

Re: DSI-ITI, LLC  
Transfer of Assets

Dear Ms. O'Donnell:

Please be advised that DSI-ITI, LLC ("DSI") will be purchasing the assets of ITI Inmate Telephone, Inc. ("ITI") (the "Transaction"). In addition, DSI will also be granting a security interest in substantially all of its assets upon completion of the Transaction. In connection therewith, we provide the following information:

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**PUBLIC SERVICE**  
**COMMISSION**

**I. The Parties**

**A. DSI-ITI, LLC**

DSI is a privately-held Delaware limited liability company whose principal offices are located at 2609 Cameron Street, Mobile, Alabama 36607. DSI is a wholly-owned direct subsidiary of Global Tel\*Link Corporation (“GTL”), which is the sole managing member of DSI. DSI will be engaged in the business of providing managed telecommunications services to inmates of state and county departments of corrections and in owning and operating prison payphones and public payphones. DSI has filed a Notice of Intention to Provide Utility Services within the State of Kentucky (Utility ID No. 5179250). These services will enable inmates to communicate with friends, family members, legal counsel and other approved parties outside the correctional facilities.

**B. Global Tel\*Link Corporation**

GTL is a privately-held Delaware corporation whose principal offices are located at 2609 Cameron Street, Mobile, Alabama 36607. GTL is a wholly-owned direct subsidiary of GTEL Holdings, Inc. GTL is engaged in the business of providing managed telecommunications services to inmates of state and county departments of corrections and in owning and operating prison payphones and public payphones. These services enable inmates to communicate with friends, family members, legal counsel and other approved parties outside the correctional facilities. GTL provides these services throughout most of the continental United States. The Commission accepted GTL’s Telecommunications Tariff, which was effective on June 29, 2002. GTL is registered as a COCOT, Utility ID No. 50047600.

**C. GTEL Holdings, Inc.**

GTEL Holdings, Inc. is a privately held Delaware corporation whose principal offices are located at 2609 Cameron Street, Mobile, Alabama 36607. GTEL Holdings is a holding company, whose only business activities are conducted through GTL. GTEL Holdings is a wholly owned direct subsidiary of GTEL Acquisition Corp.

**D. GTEL Acquisition Corp.**

GTEL Acquisition Corp. is a privately held Delaware corporation whose principal offices are located at 590 Madison Avenue, 41st Floor, New York, New York 10022. GTEL Acquisition Corp. is a holding company, whose only business activities are conducted through GTL. GTEL Acquisition Corp. is wholly owned by GTEL Holding LLC, a privately held Delaware limited liability company whose principal offices are located at 590 Madison Avenue, 41st Floor, New York, New York 10022.

**E. GTEL Holding LLC**

GTEL Holding LLC is controlled by a board of managers including the CEO of GTL and other managers appointed by The Veritas Capital Fund III, L.P. and GS Direct, L.L.C. The Veritas Capital Fund III, L.P. is a private equity investment partnership managed by its sole general partner, Veritas Capital Partners III, L.L.C., a Delaware limited liability company. Veritas Capital Partners III, L.L.C. is controlled by its managing member, Robert B. McKeon, the managing member of Veritas Capital Fund Management, L.L.C., d/b/a Veritas Capital. Veritas Capital is a private equity investment firm headquartered in New York. Founded in 1992, Veritas Capital invests in a broad range of companies through buyouts, growth capital investments, and leveraged recapitalizations. The firm's primary objective is to partner with experienced management teams to develop leading companies in their respective markets. In addition to providing long-term capital, the firm works closely with its management partners in creating and executing a well-defined strategic plan that exploits a company's core competencies as well as attractive industry dynamics. Principals at Veritas Capital bring long term investing experience through a variety of economic conditions allowing the firm to apply its skills and capital to a broad spectrum of industries. However, Veritas Capital has developed specific expertise in the defense, aerospace, government services, media/telecommunications, consumer products, and specialty manufacturing industries.

The Goldman Sachs Group, Inc. owns all of the equity interests in GS Direct, L.L.C. All of the limited partner equity interests in Goldman, Sachs & Co. are held directly or indirectly by The Goldman Sachs Group, Inc., and The Goldman, Sachs & Co. L.L.C. controls Goldman, Sachs & Co. as its sole general partner. All of the equity interests (voting and non-voting) in The Goldman, Sachs & Co. L.L.C. are held by The Goldman Sachs Group, Inc., which is a public company listed on the New York Stock Exchange. GS Direct, L.L.C. invests capital primarily

alongside corporate and sponsor clients in situations in which access to its or its affiliates' capital, relationships or advisory services can enhance the value of the investment. The Goldman Sachs Group, Inc., a bank holding company, provides investment banking, securities, and investment management services primarily to corporations, financial institutions, governments, and high-net-worth individuals worldwide.

**F. ITI Inmate Telephone, Inc.**

ITI is a privately-held Pennsylvania corporation whose principal offices are located at 5000 Sixth Avenue, Altoona, Pennsylvania 16602. ITI is engaged in the business of providing inmate telephone and telecommunications services and related services to jails, prisons, correctional facilities and other types of confinement facilities (whether public, private or otherwise) and probation departments, including, but not limited to, the installation, operation, servicing and maintenance of non-coin operated, web-based inmate telephone systems, offender management systems, inmate call tracking systems, inmate call data mining investigative tools, kiosk-based debiting systems for inmate commissaries, and other inmate-related or probationer-related information management systems (such business, collectively, the "Business"). ITI is registered as a telecommunications provider effective September 2, 2004. ITI provides these services in approximately 25 states.

## **II. Designated Contact**

The designated contact for questions concerning this Notice is:

Lance J.M. Steinhart  
Attorney at Law  
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Suite 115  
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Attorney for DSI-ITI, LLC

## **III. Description of the Transaction**

ITI and DSI have entered into an Asset Purchase Agreement and Plan of Asset Transfer dated March 16, 2010 (the "Asset Purchase Agreement"). Pursuant to the terms of the Asset Purchase Agreement, DSI will purchase substantially all of ITI's assets used in the operation of the Business, and DSI will assume certain liabilities of ITI in connection therewith. The expected date of closing is June 15, 2010; however, the closing is subject to obtaining all necessary state and federal approvals of the Transaction.

The Transaction will ensure continuity of service to the prison system and its inmates. Since the Business involves only the provision and operation of payphones, and of managed calling services originating from payphones, the transfer of the Business will not entail any change in any end user's local exchange service or presubscribed toll service, and the parties who make and receive calls through the Business's managed calling services form an ever-changing group as the prison population changes. Accordingly, no notification of customers making use of the managed telecommunications services is necessary or practical. ITI is not retaining any customers. Personnel of the correctional facilities are being notified of the Transaction and of the assignment or novation of contracts entailed in the Transaction.

The proposed Transaction will not entail any transfer of certifications or changes in the ownership or corporate structure of either DSI or ITI.

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#### **IV. Public Interest Analysis**

DSI submits that the proposed Transaction will serve the public interest.

Approval of the Transaction is in the public interest because it will advance economic efficiency by enabling DSI to expand its own business and achieve economies of scale. These benefits are expected to strengthen DSI's ability to expand its offerings and services to a broader customer base. It is expected that the Transaction will enable DSI to strengthen its competitive position to the benefit of consumers and the telecommunications marketplace.

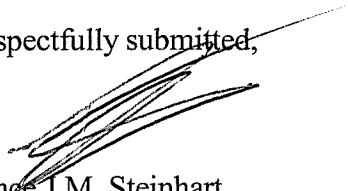
Further, as described above and because of the nature of this particular customer base, the Transaction will be conducted in a manner that will be transparent to customers of ITI. Following consummation of the transaction, DSI will provide high-quality communications services to ITI customers without interruption and without immediate change in rates, terms or conditions.

Finally, the proposed transfer of assets will be seamless and transparent to ITI's customers, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, overnight envelope.

If you have any questions or if I may provide you with additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted,



Lance J.M. Steinhart  
Attorney for DSI-ITI, LLC

cc: David B. Silverman, Esq.