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January 16, 2024
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PUBLIC SERVICE
COMMISSION

Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Notice of Ownership Change of Pay Tel Communications, Inc. from John Vincent Townsend, III and the J. Vincent Townsend Family Dynasty Trust to the Pay Tel Communications ESOP Trust

Dear Mr. Hinton:

Enclosed for filing please find the above referenced Notice of Ownership Change submitted on behalf of Pay Tel Communications, Inc.

Any questions you may have regarding this filing should be directed to my attention at 470-672-3013 or via email to swarren@inteserra.com. Thank you for your assistance in this matter.

Sincerely,

/s/Sharon R. Warren

Sharon R. Warren
Consultant

Enclosures
SW/mp

Pay Tel Communications, Inc.

NOTICE OF OWNERSHIP CHANGE

Pay Tel Communications, Inc. (“Pay Tel”), John Vincent Townsend, III (“Townsend”), the J. Vincent Townsend III Family Dynasty Trust (the “Family Dynasty Trust” and together with Townsend, “Transferors”) and the Pay Tel Communications ESOP Trust (the “Pay Tel ESOP Trust” or “Transferee”, and together with the Transferor, “Parties”), hereby notify the Kentucky Public Service Commission of an indirect transfer of ownership of Pay Tel from Townsend and the Family Dynasty Trust to the Pay Tel ESOP Trust. On January 3, 2024, the Parties have consummated the Proposed Transaction (as defined below), the Pay Tel ESOP Trust will own all of the voting and equity shares of Pay Tel, as described in *Exhibit A*.

The Proposed Transaction will have no effect on the operations of Pay Tel, which will remain the holder of its Certificate of Authority (as defined below) and will continue to offer the same services under the same management team with the same rates, terms and conditions as currently offered. Consequently, the Proposed Transaction will have no impact on Kentucky customers and no customer notice is required. The Parties provide the following additional notice information:

I. DESCRIPTION OF THE PARTIES

A. Pay Tel Communications, Inc.

Pay Tel is organized under the laws of the state of North Carolina with its principal office located at 4230 Beechwood Drive, Greensboro, NC 27410. Pay Tel was granted authority in Utility ID Number 5616500 to provide Alternative Operator Services to correctional facilities and confinement institutions throughout the State of Kentucky by the Public Service Commission on October 12, 2005.

B. The Transferors

Townsend founded Pay Tel in 1986 and since then served as its President. Townsend holds 100% of the voting interest in Pay Tel and 20% of the company’s equity interest.

The remainder of Pay Tel’s equity interest (80%) is owned by the Family Dynasty Trust, a trust established under the laws of North Carolina. The Family Dynasty Trust was established for estate planning purposes, and does not have, and never had, any voting interest in Pay Tel. The Family Dynasty Trust is controlled by trustees Rebecca Holley Townsend and William Moser.

Neither Townsend, the Family Dynasty Trust, nor the Family Dynasty Trust’s trustees have any affiliation with any telecommunications service provider other than Pay Tel. A diagram depicting the current, pre-closing ownership of Pay Tel is provided in *Exhibit A*.

C. Transferee

The Pay Tel ESOP Trust is a tax-exempt trust under Section 501(a) of the Internal Revenue Code (“Code”) established effective September 15, 2023 under North Carolina law as the legal entity through which eligible employees of Pay Tel will obtain beneficial ownership of the company through participation in the Pay Tel ESOP. The address for the Pay Tel ESOP Trust

is David A. Shoquist, Pay Tel ESOP Trust, 777 1st Street, Suite 107, Gilroy, California 95020. The Pay Tel ESOP is a qualified employee benefit plan under Section 401(a) of the Code and an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Pay Tel ESOP will be operated in compliance with the applicable provisions of the Code and ERISA.

The Pay Tel ESOP Trust is administered by David A. Shoquist (“Trustee”), a United States citizen, who serves as trustee of the Pay Tel ESOP Trust pursuant to the terms of the Pay Tel ESOP Trust. Following consummation of the Transaction, the Trustee will maintain a fiduciary obligation under ERISA to hold and vote the stock held by the Pay Tel ESOP Trust solely in accordance with the interest of the employee-participants of the Pay Tel ESOP.

The Trustee’s fiduciary responsibility to the participants in the Pay Tel ESOP is to protect the assets of the Pay Tel ESOP Trust (i.e., its ownership interests in Pay Tel) for the sole and exclusive purpose of providing retirement benefits to the beneficiaries of the Pay Tel ESOP (i.e., the Pay Tel employee-participants in the Pay Tel ESOP), in strict accordance with the governing documents of the Pay Tel ESOP. The Trustee’s fiduciary responsibilities are defined by ERISA, and he is personally liable for breaches of those fiduciary responsibilities.

A diagram depicting the post-closing ownership of Pay Tel is provided in Exhibit A.

II. CONTACT INFORMATION

For the purposes of this Notice, contacts for the Parties are as follows:

For Pay Tel:

Sharon R. Warren
Consultant
Inteserra, Inc.
151 Southhall Lane, Suite 450
Maitland, Florida 32751
(470) 672-3013 (voice)
Email: swarren@inteserra.com

For Pay Tel:

Margaret Haffner
Vice President Business Development
Pay Tel Communications, Inc.
PO Box 8179
Greensboro, NC 27419
(336) 852-7419 ext 318
Email: shaffner@paytel.com

III. DESCRIPTION OF THE PROPOSED TRANSACTION

The Pay Tel ESOP Trust will enter into a Stock Purchase Agreement with Townsend and the Family Dynasty Trust in which the Pay Tel ESOP Trust will purchase all of the voting and equity shares of Pay Tel. As such, upon consummation of the Transaction, the Pay Tel ESOP Trust will own all of the voting and equity shares of Pay Tel.

Consummation of the Transaction is conditioned on, among other things, prior approval by the Federal Communications Commission¹ and by each state public utility commission for which prior approval is required under applicable state law. At this time, the Pay Tel ESOP Trust has been established, valuation of Pay Tel has been performed, and sale price has been negotiated and agreed upon with the Trustee.

¹ See Joint Application for Consent to Transfer Control of Domestic and International Section 214 Authorizations filed September 21, 2023 in FCC WC Docket No. 23-321 via <https://www.fcc.gov/ecfs>.

IV. PUBLIC INTEREST STATEMENT

The Parties submit that the Proposed Transaction described herein is in the public interest. As noted previously, the Proposed Transaction will be seamless from the perspective of Pay Tel's because there will be no change in Pay Tel's company name, and no changes to Pay Tel's management team, rates, terms and conditions of service.

Consummation of the Proposed Transaction will enhance Pay Tel's financial and managerial capabilities to continue to provide high-quality, competitive telecommunications services to Kentucky customers. Furthermore, the Transaction will provide employees with beneficial ownership in Pay Tel. This direct financial stake in the company will encourage them to continue providing quality and competitive service to its customer base.

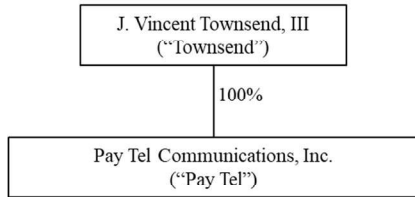
EXHIBIT A

PRE- AND POST-TRANSACTION CHART

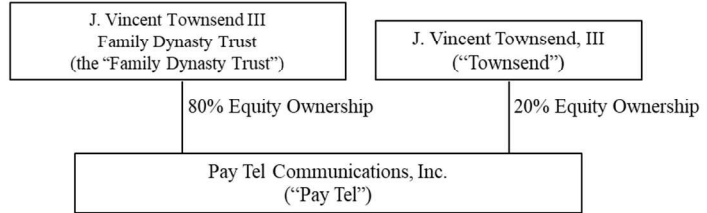
EXHIBIT A

Ownership Diagrams showing Pay Tel’s ownership pre- and post-closing.

Pre-Closing Control



Pre-Closing Ownership



Post-Closing Control and Ownership

