



May 5, 2004
Via Overnight Delivery

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

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

Mr. Brent Kirtley
Tariff Branch Manager
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602-0615

RE: T-NETIX, Inc. Transfer of Control

Dear Mr. Kirtley:

T-NETIX, Inc. ("T-NETIX") is a certificated telecommunications carrier in the State of Kentucky. The stock of T-NETIX has been 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. 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.

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,

Robin Norton
Consultant to T-NETIX

RN/bc

Enclosures

cc: Kendall Hollon - T-NETIX
file: T-NETIX, Inc. - KY
tms: KYx0401

RECEIVED

MAY 06 2004

PUBLIC SERVICE
COMMISSION

NOTICE OF TRANSFER OF CONTROL

of

T-NETIX, INC.

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

As a result of this Transfer, T-NETIX is now 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 under the name of T-NETIX, Inc.

T-NETIX Telecommunications Services, Inc. ("TTS") is a wholly owned subsidiary of T-NETIX, and is also a certified telecommunications provider in Kentucky . 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 became 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. Buyer is not a certificated entity in the State of Kentucky and has not registered to do business in Kentucky 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.

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 now owns 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 as a telecommunications services provider.

III. CUSTOMER IMPACT

Both T-NETIX and its subsidiary, TTS, will remain separate certificated companies in the State of Kentucky. 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 Kentucky Public Service Commission. The Transfer had 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 became effective upon consummation of the Transfer.

IV. CONTACT INFORMATION

The name and address of the individual to contact regarding this notification 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, 27th Floor
Miami, Florida 33131
Telephone: (305) 379-2322
Facsimile: (305) 379-2013
email: bschwartz@higcapital.com