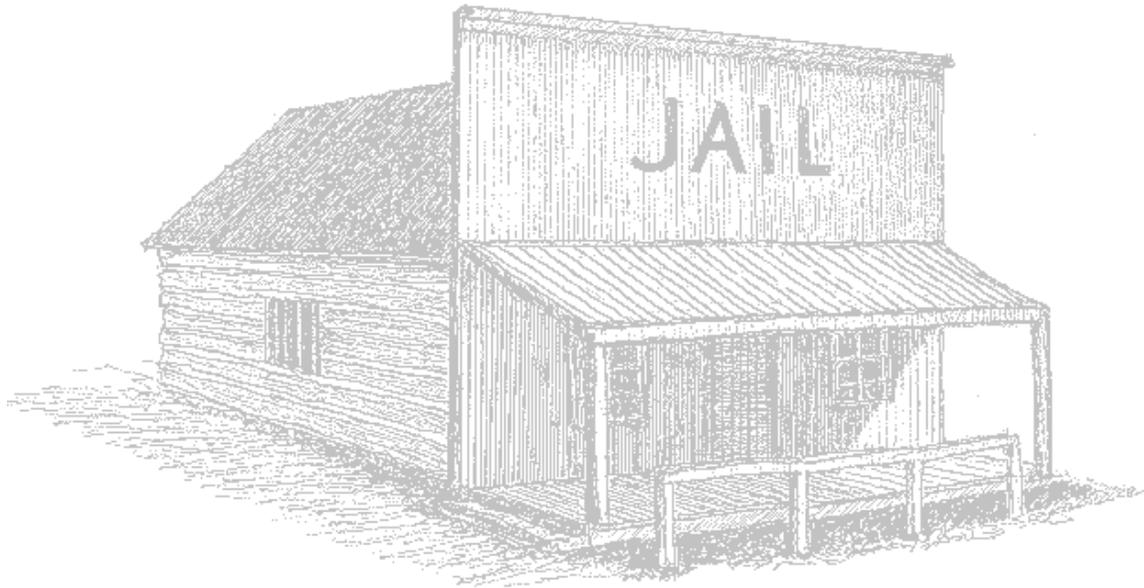


ELECTRONIC HOME MONITORING SERVICES OFFERED BY
ALTERNATIVE CORRECTIONS, INC.



ALTERNATIVE CORRECTIONS, INC.

MAILING ADDRESS:

POST OFFICE BOX 1121
MOORHEAD, MINNESOTA 56561-1121

OFFICE ADDRESS:

1100 32ND AVENUE SOUTH, SUITE D
MOORHEAD, MINNESOTA 56560

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FAX: (218) 291-0899

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Providing Quality Home Detention Services for North Dakota and Minnesota Courts Since 1998

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EXECUTIVE SUMMARY

Alternative Corrections, Inc. (hereinafter "AC") is pleased to submit this information for your review. AC has provided home detention and alcohol monitoring services for more than 30 counties in Minnesota and North Dakota since its inception in May, 1998. AC has monitored thousands of offenders for various criminal violations.

Electronic home monitoring (EHM) is cost effective. In most cases, the offender is required to pay the cost of the home monitoring services. The local jail is not required to house, feed or provide medical care to the offender. Additionally, an offender on home monitoring is allowed to work, take care of children and continue to meet the offender's financial obligations.

AC is a home monitoring service provider. Once an offender is sentenced, we take over. In most cases, the offender is given a period of time to contact our office and arrange to serve home monitoring (The deadline is usually contained in the sentencing order). The clerk of court mails or faxes a copy of the sentencing order to our office. If the offender does not contact our office in the time allowed a violation report is sent to the prosecuting attorney (Attachments 1, 2 and 3).

If the offender contacts our office as ordered and serves the period of home monitoring without violation, a closing letter is sent to the court with a copy to the defense attorney (Attachment 4). Offenders are provided with a copy of the EHM Policy (Attachment 5) which defines acceptable and unacceptable conduct with serving a term of electronic home monitoring.

In the event that the offender violates the terms of home monitoring, an affidavit detailing the violation (Attachment 1) and a proposed warrant/order to show cause (Attachments 2 and 3) are sent to the prosecuting attorney on the business day following the violation. Our personnel routinely appear at revocation hearings to testify regarding violations.

AC utilizes the most current technology available. The vast majority of our offenders are monitored using the Mitsubishi MEMS 2000 VB (video breath) system. The equipment is fully described below. In short, this system verifies that the offender is home and has not consumed alcohol. ***The system provides a picture of the offender taking the alcohol test every time (Attachment 6).*** We recommend the alcohol component in all cases. **The percentage of offenders that successfully complete a term of house arrest increases dramatically when alcohol is removed from the offenders' home setting.**

Thank you for taking time to review these materials. Please call our office at your convenience if you have any questions or would like a product demonstration.

COST CONSIDERATIONS

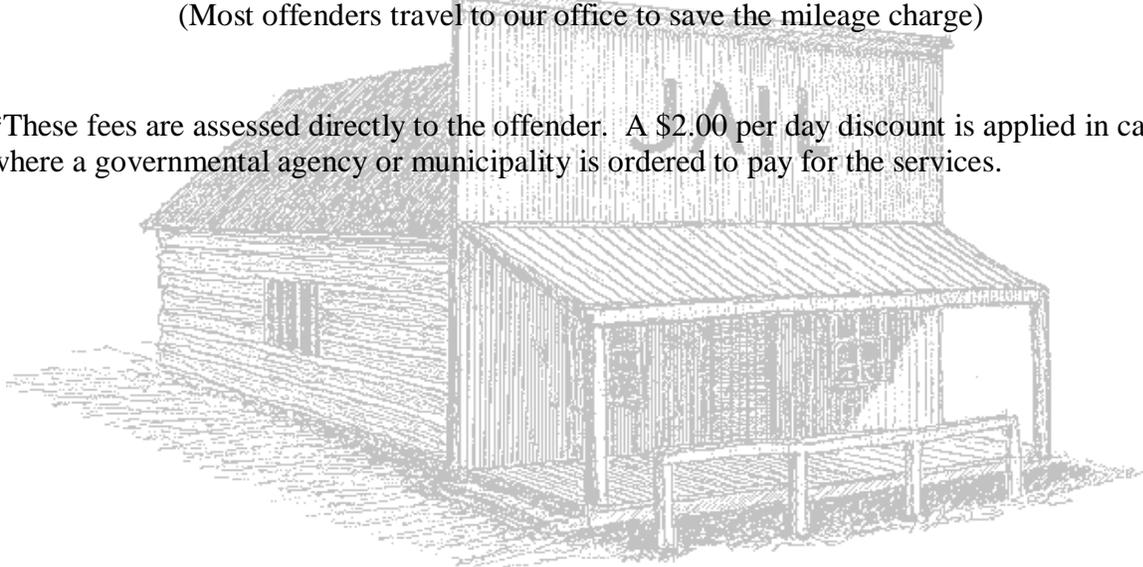
The cost of home detention is usually paid by the offender and collected directly by Alternative Corrections.

The current (January 2005) daily rates for home detention are

<u>Equipment</u>	<u>Service Provided</u>	<u>Daily Rate</u>
Mitsubishi MEMS 2000	Home monitoring with daily alcohol testing	\$16.00*

Other fees: A \$35.00 activation fee is charged to each offender.
Mileage is assessed to each offender at \$1.00 per mile.
(Most offenders travel to our office to save the mileage charge)

*These fees are assessed directly to the offender. A \$2.00 per day discount is applied in cases where a governmental agency or municipality is ordered to pay for the services.

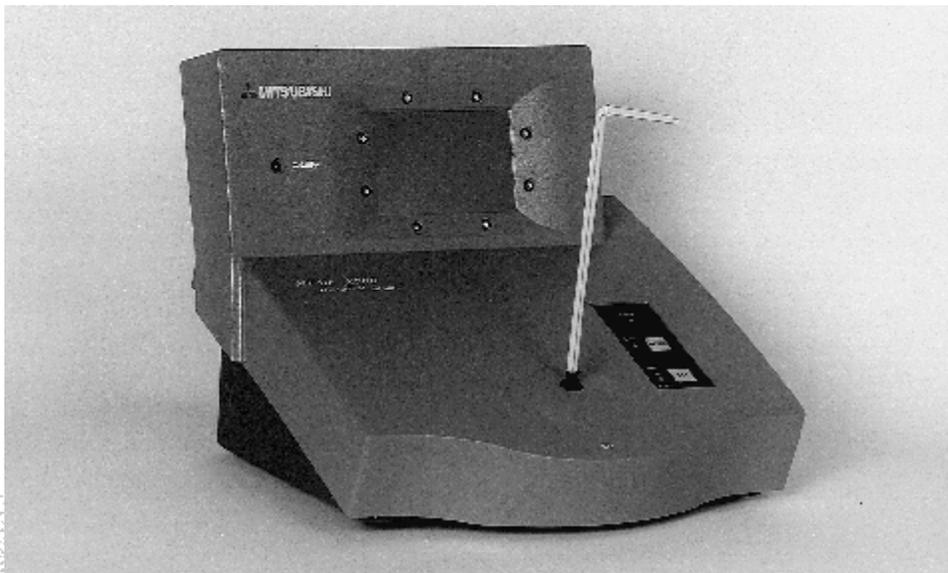


EQUIPMENT DESCRIPTIONS

1. ALCOHOL AND CURFEW COMPLIANCE

AC uses the MEMS 2000 VB HomeStation for the majority of offenders serving electronic home detention sentences. The unit is used to verify the offender's presence in the home as well as monitor the offender's sobriety. This monitor will be used unless GPS monitoring is specifically ordered.

MEMS 2000 VB HomeStation



Where the alcohol consumption of a participant is restricted, electro-chemical Breath Alcohol Tester can be utilized in conjunction with the Video Display Telephone. This provides verification that the subject performing the alcohol test is actually the program participant. This confirmation is provided without the need to make a home visit.

THE VIDEO DISPLAY TELEPHONE

The Video Display Telephone sends a still black and white image to the WorkStation in 9 to 12 seconds, using a CCD camera with external infrared LEDs to provide lighting. The camera is mounted behind a two-way mirror for the purpose of positioning the client's image properly prior to sending a picture. With resolution of 242 pixels x 200 lines and a gray scale level of 50, the client's image is transferred to the monitoring center by pushing a single button.

THE BREATH ALCOHOL TESTER

BTI – Breath Test Interface PCB for MEMS 2000

The BTI was designed specifically to provide the breath testing function for the MEMS 2000.

The breath alcohol test is conducted through the mediation of a micro-controller with proprietary software that controls a sampling pump and monitors the output of an electro-chemical sensor which provides specificity for alcohol and long term stability. The output of the BTI is communicated serially to the MEMS 2000 WorkStation via DTMF protocol.

Operation

The only control, which is accessible to the participant, is the START button. The participant is guided through the breath test via a voice prompt on the telephone line and by observing the colored LED, which indicates, WAIT when red and READY when flashing green.

When instructed, the participant presses the Start button on the MEMS 2000 HomeStation, which will cause the red LED to come on for 30 seconds while the BTI conducts a purge cycle. At the end of 30 seconds, the red LED goes out, the green LED begins to flash, and a Ready tone is given.

The subject is then required to blow into the breath sampling port with a typical drinking straw using sufficient force to cause the green LED to become steady and a tone to be heard for at least 4.5 seconds. After this, a separate (end breath sampling) tone will be heard and the green LED will go out. The breath sample is then analyzed for alcohol content and the results transmitted via the telephone modem.

If the subject does not complete the breath sample properly, either by stopping the flow of breath or blowing too softly, an abort tone will be heard and the red LED will come on again. Ten 10 seconds later the green LED will begin to flash and the ready for test tone will be heard.

Each of the major steps of the operation of the BTI is indicated by a code, which is transmitted via the modem in DTMF format.

Calibration

The calibration sequence is initiated with a button on the MEMS 2000 HomeStation. Pressing the START button while powering up the BTI will start the calibration mode of the BTI. A special code will be transmitted to indicate this process.

In the normal mode of operation, there is a 30-second purge cycle before the unit is ready for test. A Breath Alcohol Simulator with a Standard Solution value of 0.050% BAC is required for the calibration tests. After the first calibration test, the BTI transmits the BAC value and a code to indicate that the process is continuing. After the second test another BAC value is transmitted.

If the first and second BAC values are within 0.015% BAC, the calibration cycle is complete and a new calibration factor is stored in memory. If the first and second BAC values are more than 0.015% BAC apart, then a code is transmitted to indicate that the calibration sequence is

continuing and a third test is required. If the third BAC value is within 0.015% BAC of either the first or second BAC values, then the calibration is complete and a new calibration factor is stored in memory. Otherwise, the calibration sequence is aborted.

BTI – Breath Test Interface Electronic Monitoring Evidential Breath Analysis

The BTI breath test module, designed for the MEMS 2000 VB and VBR HomeStations, has been designed to provide full featured breath alcohol analysis functions with evidence integrity in a pre-programmed breath test sequence structured to avoid operator errors and ensure the validity of the test result. The following outlines many of the operational and functional features which ensure that the breath alcohol aspects of an electronic monitoring program are accomplished in a highly accurate and effective manner.

Operative Features

- Ø The BTI is designated for fully automatic operation allowing the offender/user to be easily trained and virtually eliminating user errors.
- Ø Uses a common drinking straw to deliver the test in a non-obtrusive manner. This is compared to systems with large sampling devices that must be positioned at a precise point near a person's mouth.
- Ø Alcohol specific delivered by use of an electro-chemical sensor with protocol matching that of evidential breath testing units.
- Ø False positives resulting from hydrocarbons (such as cigarette smoke) and ketones are eliminated.
- Ø Use of a direct test (blowing through a straw) eliminates problems associated with passive tests, such as airborne alcohol from cologne and cleaning products, are eliminated.
- Ø High degree of accuracy ($\pm 0.015\%$ BAC) within a range of 0.00% BAC to 0.400% BAC.
- Ø Secure communications via modem by sending encrypted data via DTMF protocol.
- Ø Long calibration life minimizing service requirements.
- Ø Error checking and other internal diagnostics to ensure results are credible.
- Ø Quick cycle time of 30 seconds for initial test 45 seconds between tests.
- Ø An interface circuit combines the Video Display Telephone with the Breath Alcohol Tester. The interface circuit tells the Video Display Telephone when to capture and send the client's image and tells the BAT when to send the test results.

MEMS 2000 Diamond Monitoring WorkStation



AC maintains its own WorkStation which is monitored 24/7.

The MEMS 2000 WorkStation has the capability to monitor over 150 participants. Stationed in a standard office environment, utilizing a typical 30' x 60' desk equipped with a chair, AC personnel can effectively run a complete electronic monitoring program with minimal set up preparation.

AC personnel can program an unlimited number of random video and alcohol test calls to any participant's HomeStation. Calls initiated by the system can be delivered in any language. All participant video images, voice responses and alcohol assessments are recorded and stored for later referral.

The WorkStation is capable of retaining a wide variety of participant information, such as name, address, telephone numbers, equipment serial numbers, and agency identification information. The system can be customized to generate a number of agency specified reports and all information can be transferred to optical memory for permanent storage. The WorkStation will receive, generate, and report all monitoring information and production management reports. The system will manage all incoming status messages, outgoing calls, date and time stamping of all events, as well as the reported time of these events.

MONITORING, REPORTING AND ADMINISTRATIVE SERVICES

NOTIFICATION SERVICES

In the event of a violation, an affidavit of non-compliance and warrant are prepared and forwarded to the prosecuting attorney, case worker or probation agent on the business day following the violation. A completion letter is sent to the court (with a copy to the defense attorney) when an offender successfully completes the term of electronic home monitoring.

SECURITY AND FAIL SAFE REDUNDANCY

AC maintains and operates its own Diamond Monitoring Workstation in Moorhead, Minnesota. AC has also contracted with another Diamond Monitoring Workstation located in Omaha, Nebraska to achieve geographic redundancy. The two Workstations communicate on an hourly basis to assure that both are operational and functioning. In the event of a failure at either site, backed up data is quickly transmitted to the other site for continuous monitoring.

The Moorhead, Minnesota Workstation is located in a restricted access portion of a concrete office structure. Non-authorized persons are not allowed in the monitoring center. The Omaha, Nebraska Workstation is located in a restricted access portion of a concrete office structure. Non-authorized persons are not allowed in the monitoring center. Additionally, participants in the alcohol monitoring program are not told where the Workstations are located.

The Workstation is split into a communication side and a data storage side. A firewall divides the communications and data to assure that the data is not subjected to unauthorized access via the telephone.

FIELD SERVICES

DELIVERY AND INSTALLATION OF EQUIPMENT

AC is responsible for all aspects of equipment installation, removal, repair, recovery, trouble shooting and monitoring. All equipment is tested to assure that the equipment is fully operational with fully charged batteries when applicable before the equipment is installed in our office or at the offender's residence. Lost or stolen equipment is the responsibility of AC.

AC retrieves or repairs its equipment in the event of a tamper, malfunction or when an offender flees. We understand it is important to our clients that our system retain its integrity. It is essential to our longevity that we provide an excellent, worry free service to our clients. Sloppiness is a time bomb in this business.

ADDITIONAL INFORMATION

INSURANCE

AC has a \$1,000,000 general liability insurance policy. AC also maintains appropriate coverage on automobiles and workers' compensation.

BRIEF RESUMES OF MANAGEMENT

THOMAS MARTIN, PRESIDENT

Education: JD, William Mitchell College of Law, 1994
 BS Mechanical Engineering, North Dakota State University, 1990

Licenses: Licensed Attorney, Minnesota and North Dakota
 Professional Engineer, Minnesota

Experience: 1998-Present President, Alternative Corrections, Inc.
 1994-1998 Partner, Solberg, Stewart, Miller, Johnson and Martin
 1992-1994 Project Engineer, Lightowler Johnson Associates
 1990-1992 Project Engineer, Hallberg Associates

BRADLEY BORGEN, BUSINESS MANAGER

Education: BA Business Management, University of Mary, 2002

Experience: 2002-Present Business Manager, Alternative Corrections, Inc.
 2000-2002 Correctional Officer, Clay County Sheriff's Department
 1982-2000 Farmer, Clay County Minnesota

ANTHONY BJERKE, CORRECTIONS SPECIALIST

Education: Lisbon High School, 1992

Experience: 2006-Present Corrections Specialist, Alternative Corrections, Inc.
 2003-2006 Fleet Street, Inc., Fargo, ND
 2001-2002 Hobby Town USA, Fargo, ND

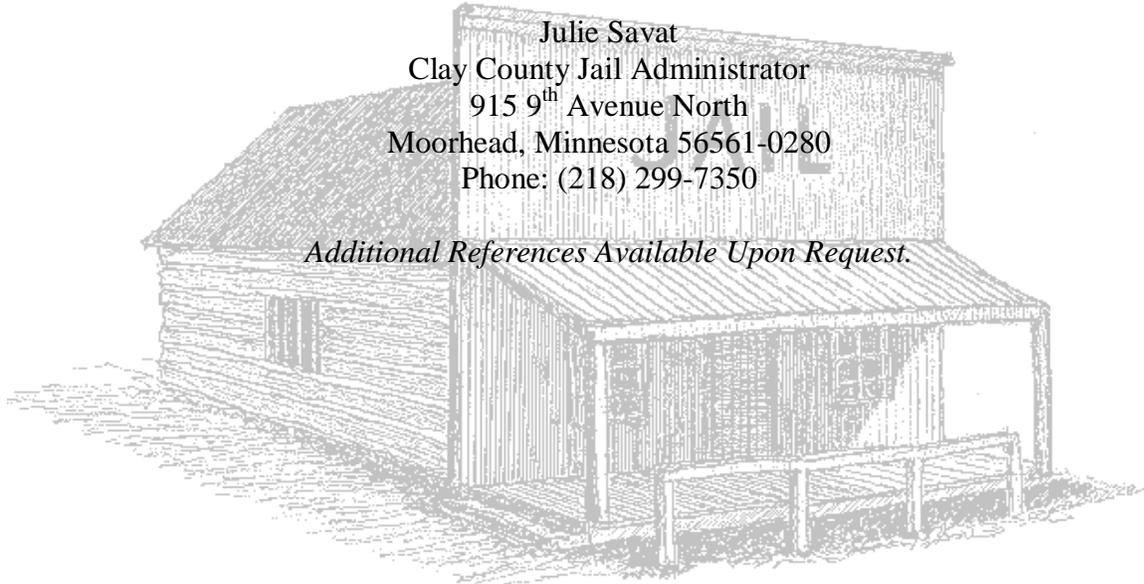
BUSINESS REFERENCES

Hon. Michael Kirk
Judge of the District Court
PO Box 280
Moorhead, Minnesota 56561-0280
Phone: (218) 299-7233

Sheriff Bill Berquist
Clay County Sheriff
915 9th Avenue North
Moorhead, Minnesota 56561-0280
Phone: (218) 299-5151

Julie Savat
Clay County Jail Administrator
915 9th Avenue North
Moorhead, Minnesota 56561-0280
Phone: (218) 299-7350

Additional References Available Upon Request.



ATTACHMENT ONE - Sample Affidavit

In District Court, County of «County», State of «State»

State of «State» v. «FirstName» «LastName» «Address1» «City», «State» «PostalCode» Phone: «HomePhone» Defendant.	Plaintiff, Criminal No. «CourtFile» Affidavit of «Corrections Specialist»
--	--

COMES NOW «Corrections Specialist», being first duly sworn, states and deposes as follows:

1. My name is «Corrections Specialist». I am employed by Alternative Corrections, Inc., a home detention and alcohol monitoring service provider.
2. On «StartDate» the Defendant was released from jail and ordered to serve «DaysToServe» days of house arrest with alcohol monitoring.
3. On «StartDate», Alternative Corrections, Inc. began electronic home monitoring (EHM) and electronic alcohol monitoring (EAM) at the Defendant's residence.
4. The Defendant tested positive for the consumption of alcohol on the following dates and times:

Date 1	Time 1
Date 2	Time 2
5. The Defendant has not been removed from house arrest pending determination by the Court.

Dated this _____ day of _____, 2005.

«Corrections Specialist»

Subscribed and sworn to before me this _____ day of _____, 2005.

(SEAL)

Notary Public
_____ County, _____
My Commission Expires:

ATTACHMENT TWO - Sample Warrant

In District Court, County of «County», State of «State»

State of «State» v. «FirstName» «LastName» «Address1» «City», «State» «PostalCode» Phone: «HomePhone» Date of Birth: _____ Defendant.	Plaintiff, Criminal No. «CourtFile» APPLICATION AND WARRANT
--	--

APPLICATION

It is recommended that this Court issue a warrant for the arrest of the above named Defendant because the Defendant has violated the terms of home electronic monitoring by testing positive for alcohol consumption.

DATED this ____ day of _____, 2005.

Prosecuting Attorney

ORDER FOR WARRANT

From the facts noted above and any supporting affidavits, I, the Issuing Officer, have determined that probable cause exists to support, subject to bail or conditions of release where applicable, Defendant's arrest or other lawful steps be taken to obtain Defendant's appearance in Court or Defendant's detention, if already in custody, pending further proceedings. From the sworn facts, the Defendant is charged with violating conditions of release imposed at the time of sentencing.

TO THE SHERIFF OF THE ABOVE NAMED COUNTY or other person authorized to execute this WARRANT:

I hereby order, in the name of the state of «State», that the above named defendant be apprehended and arrested without delay and brought promptly before the above named Court (if in session, and if not before a Judge or Judicial Officer of such Court without unnecessary delay, and in any event, not later than 36 hours after the arrest or as soon thereafter as Judge or Judicial Officer is available) to be dealt with according to law.

BAIL:

CONDITIONS OF RELEASE:

This WARRANT duly subscribed and sworn to, is issued by the undersigned Judicial Officer this ____ day of _____, 2005.

Judge of the District Court

ATTACHMENT THREE - Sample Order to Show Cause

In District Court, County of «County», State of «State»

State of «State» v. «FirstName» «LastName» «Address1» «City», «State» «PostalCode» Phone: «HomePhone» Date of Birth: _____ Defendant.	Plaintiff, Defendant.	Criminal No. «CourtFile» Recommendation to Vacate Stay of Imposition and Order to Show Cause
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APPLICATION

From the sworn facts, the Court is advised that the Defendant has violated the terms of home electronic monitoring by testing positive for alcohol consumption or failing to submit breath samples as ordered by the Court. It is recommended that the Defendant be required to show cause why the stay of execution/imposition should not be vacated and annulled.

DATED this _____ day of _____, 2005.

Prosecuting Attorney

ORDER TO SHOW CAUSE

IT IS HEREBY ORDERED THAT the application noted above is hereby accepted and placed into effect, and the Defendant is hereby summoned to appear before this Court on the date and time noted below to show cause why the previously stayed sentence should not be imposed. The Court Administrator is hereby directed to serve a copy of this order on the Defendant by US Mail.

Place for Appearance: «County» County Courthouse, Court Administration
 Date for Appearance: _____
 Time for Appearance: _____ a.m. / p.m.

This ORDER TO SHOW CAUSE, duly subscribed and sworn to, is issued by the undersigned Judicial Officer this _____ day of _____, 2005.

Judge of the District Court

ATTACHMENT FOUR - Sample Closing Letter

January 1, 2006

«Court Administrator», Court Administrator
«County» County Courthouse
P.O. Box 1234
«City», «State» 12345-1234

RE: State of «State» v. «FirstName» «LastName»
Court File Number: XX-XX-XXXX

Dear «Court Administrator»:

The purpose of this letter is to inform you that the above named defendant has successfully completed the home detention ordered in the above referenced file.

Please call me if you have any questions or concerns.

Sincerely,
ALTERNATIVE CORRECTIONS, INC

Thomas P. Martin, President

CC: Defense Attorney «Defense Attorney»

ATTACHMENT FIVE - Sample EHM Policy

EHM POLICY

1. Occasions for Use

Electronic Home Monitoring (EHM) will be used only by order of the Court. Based upon the capacity of the jail, the Jail Administrator may determine that one or more jail inmates could be placed on EHM and thereby reduce the population of the jail. In this event, the Jail Administrator shall seek Court approval before any release of an inmate to EHM.

2. Good Time

Good time shall not be credited toward an EHM sentence.

3. Conditions of Use

- a. An inmate sentenced to EHM shall not use drugs or alcohol unless prescribed by a doctor. All types of alcohol use are prohibited including the use of medicines, mouthwash or inhalers that contain any type of alcohol.
- b. Every inmate sentenced to EHM shall be allowed work release privileges unless the Court prohibits work release privileges. The EHM participant shall be allowed a maximum of 60 work hours per week unless otherwise ordered by the court. Reasonable travel time shall be granted to each EHM participant.
- c. EHM participants who attend school, AA meetings, chemical addiction treatment or evaluation and doctor's appointments shall coordinate those appointments with the EHM provider. These absences from the home shall not require court approval.
- d. Each EHM participant shall be allowed a reasonable time each week to attend to basic human needs (purchase groceries, banking, haircuts, etc.) without leave of the Court. These activities should generally take no more than two hours per week. The EHM provider shall approve these absences from the home.
- e. The EHM participant shall not be allowed to attend weekly church services, family gatherings, or holiday gatherings unless approved by the Court.
- f. The EHM participant shall be allowed to attend the funeral of a relative or friend without leave of the Court.
- g. The EHM participant shall pay of the cost of EHM unless otherwise ordered by the Court.
- h. All scheduling matters shall be coordinated through the EHM provider.

4. Violations

Probable cause of violation of the EHM conditions shall be sent to the prosecuting attorney. The prosecuting attorney shall decide to recommend a warrant or order to show cause or may decide not to forward the matter to a judge.

5. Alcohol Monitoring

An electronic machine that monitors alcohol consumption shall be used in all cases unless otherwise ordered by the Court or when not possible.

6. Cases of Pre-Trial Release

When conditions of bail require the use of an alcohol monitor, the EHM participant shall be required to submit at least two breath samples daily. Based on the participant's work schedule, these breath samples shall be taken as close to twelve hours apart as possible.

7. Removal for Non-Payment

An EHM participant may be removed from EHM at any time for non-payment at the discretion of the EHM provider.

ATTACHMENT SIX - Sample Event Printout for the MEMS 2000 VB Unit

Client Name:	Test Subject	ID:	0000000006
Client Phone:	6711394,	Risk Level:	1
Agency:	Test Agency	Time zone:	EST
		HomeStation #:	VBR8000



Event Picture



Reference Picture

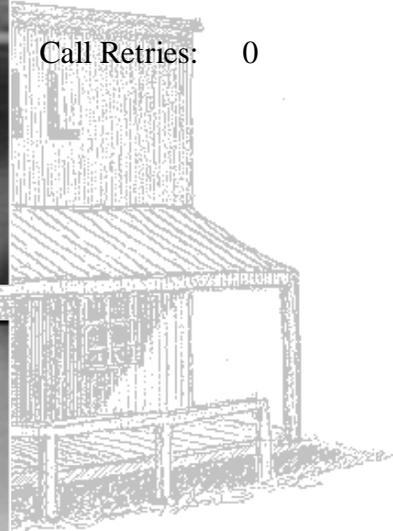
Date/Time: 06/19/06 22:35

BAT Call

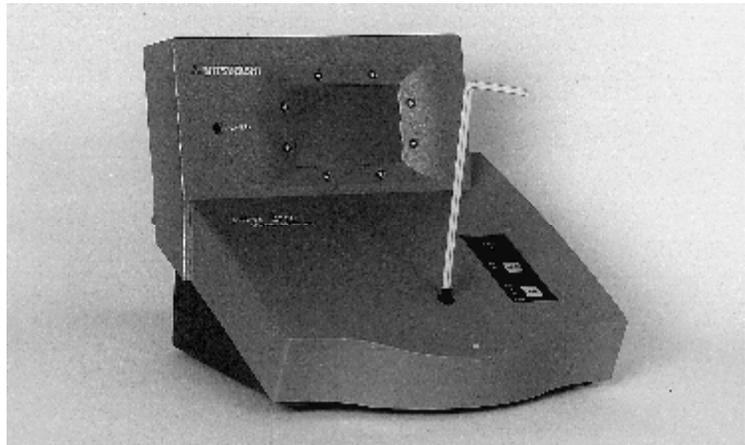
Result: PASS

BAT Value: .000

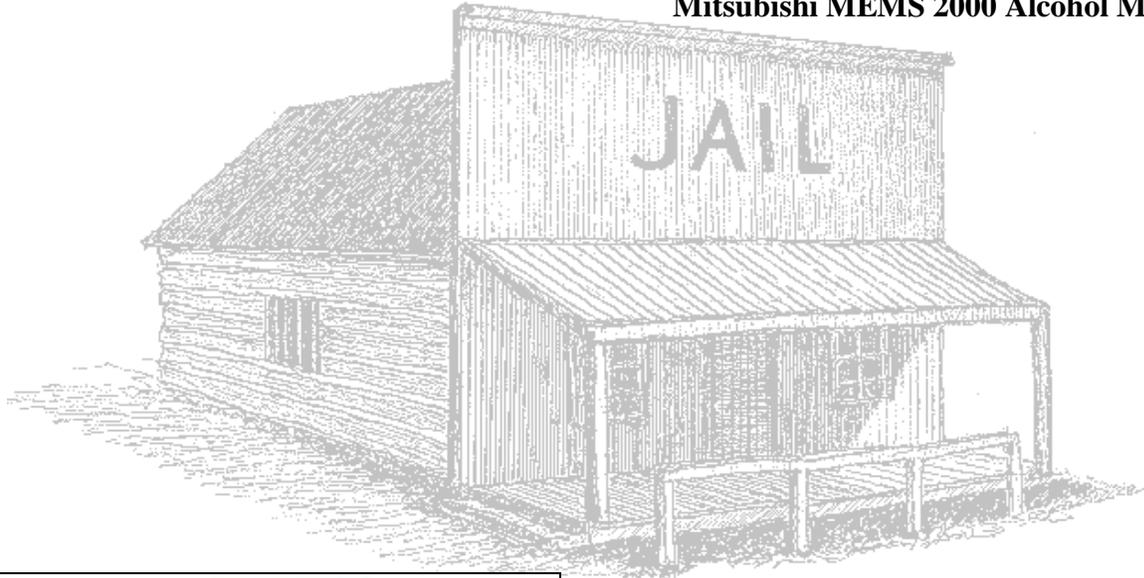
Call Retries: 0



WE'VE COME A LONG WAY.



Mitsubishi MEMS 2000 Alcohol Monitor



GPS Tracking System