

# The Deal

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## Buyout firms win auction for Supra

[by Chris Nolter](#)

Miami-based **Supra Telecommunications and Information Systems Inc.** concluded a Chapter 11 auction late Tuesday, Oct. 26, with private equity firms **Endeavor Capital Management LLC** and **HIG Capital Management Inc.** agreeing to pay \$26.9 million for the company's operations.

After about \$8 million in administrative claims and taxes, **BellSouth Corp.**, which is Supra's largest creditor, will take the majority of the funds. Other general unsecured creditors will receive about \$500,000, against claims of roughly \$4.1 million. That comes to about 12 cents on the dollar for the general unsecureds, although they could get another 7 cents on the dollar, pending the outcome of separate litigation.

Supra reported \$150 million in revenue last year, but is operating in a challenging regulatory environment. Most of its customers are residential, and the Federal Communications Commission is drafting new rules for local phone service that will impair Bell competitors. One advantage for the debtor, however, is that many of its 270,000 customers are concentrated in Southern Florida, which creates operating efficiencies.

"We've seen a lot of companies that have a quarter of a million customers spread all over the country," said James Henry of **Babcock Group LLC**, Supra's financial adviser. "Telecommunications is a business in which density is critical."

Supra also retained Michael Budwick and Peter Russin of **Meland Russin Hellinger & Budwick P.A.** and Kevin S. Neiman P.A. as counsel.

The Miami telecom filed for bankruptcy protection in October 2002, amid a billing dispute with BellSouth. The spat made a sale difficult because Supra relies on the network of the Atlanta-based carrier to reach its customers. Over the summer, BellSouth had talks with potential bidders about the company's future contract.

In a previous offer, which had financing contingency clauses, an Endeavor-led group agreed to invest \$26 million and to fully compensate creditors. Financing, however, was not in place by a mid-October deadline, and the auction started without a stalking-horse bid on Monday. The talks stretched until Tuesday, when Endeavor and HIG, of Westport, Conn., and Miami, respectively, prevailed.

Supra's deadline for filing an amended reorganization plan and disclosure statement is Nov. 8. A hearing on the disclosure statement is scheduled in the U.S. Bankruptcy Court for the Southern District of Florida in Miami on Nov. 12.