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Supra, in bankruptcy, allowed to launch search for buyer

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A federal bankruptcy judge said Wednesday that he probably will allow Supra Telecom Inc., the bankrupt Miami-based discount telephone service reseller, to hire an investment banking firm to conduct a search for potential buyers.

U.S. Bankruptcy Judge Robert A. Mark also indicated at a hearing in Miami that he most likely will reject a request by BellSouth Corp., Supra's biggest creditor, to appoint a special independent examiner to oversee the sale of the bankrupt company.

Before setting a March 10 hearing date to rule on both requests, Mark chastised BellSouth's attorneys, saying that he saw no emergency that would cause him to block Supra from hiring an investment banker.

"Maybe BellSouth should sit back for a little bit and see what the debtor comes up with," Mark said, adding, "I don't see the case in crisis."

Supra's board of directors recently chose The Babcock Group, a Stamford, Conn.-based private investment banking firm, to identify potential buyers and investors and evaluate competing offers.

"Their mission ... is to do as complete a sweep as they can of the whole market ... to find the best deal," Supra attorney Michael Budwick told the judge.

Budwick said it would take about six to eight weeks to get a bona fide offer, which would then be presented to the marketplace.

Supra filed for Chapter 11 bankruptcy in October 2002. The company, which provides local and long-distance service, is a competitor of BellSouth, from which it leases lines and equipment and resells to its own customers.

BellSouth attorneys argued Wednesday that an investment banker hired by Supra could be beholden to the debtor and shareholders, especially Olukayode Ramos, Supra's former CEO and founder.

BellSouth attorney Paul Singerman said that a special examiner appointed by the court could do the same search for potential buyers but remain independent of both Supra and Ramos, who has given up control of the company but is still the majority shareholder.

"BellSouth's view is that going to get over faster and cheaper with a financial fiduciary involved," Singerman said.

The committee representing creditors in the bankruptcy supported BellSouth's request for an independent examiner. "There has been a very toxic, mistrustful environment in this case," said attorney Robert P. Charbonneau, who represents the committee.

Earlier this month, Mark rejected a proposal by Supra that would have allowed H.I.G. Capital of Miami, a venture capital company, to buy a majority interest in the bankrupt reseller. The judge found that H.I.G. shouldn't be allowed to enter an exclusive agreement with Supra because he wanted the deal to be shopped around the business community.

H.I.G. managing director Douglas Berman testified Wednesday that it became clear that there would not be a consensual agreement that would satisfy his company, Supra and BellSouth. "We're at the point where we wish we had never met Supra," Berman said.