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Supra wins OK to hire investment banker to seek buyer

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By Rafael Gerena-Morales

MA federal bankruptcy judge ruled Wednesday that Supra Telecom Inc., the bankrupt Miami-based discount telephone service reseller, can hire an investment-banking firm to conduct a search for investors or potential buyers.

By doing so, U.S. Bankruptcy Judge Robert A. Mark denied a central request by BellSouth Corp., Supra's biggest creditor, to appoint a special independent examiner to oversee the bankrupt company's sale. But the judge also ruled that BellSouth and other creditors can hire their own investment bank to play a role in helping Supra find a buyer.

On Wednesday, Supra hired The Babcock Group, a Stamford, Conn.-based private investment-banking firm, to identify potential buyers and investors, and evaluate competing offers. Supra's goal is to find a buyer or partner within eight weeks, said Supra attorney Michael Budwick, of Meland Budwick, P.A. a Miami law firm.

Supra will pay The Babcock Group a $50,000 monthly service fee and a "success fee" totaling 2 percent or less of any sale or partnership contract that the investment bank helps Supra secure, Budwick said.

Supra "is now poised to join with a business partner or be purchased by a larger player" and continue growing, Budwick said.

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.

Last year, Supra had annual revenues of $153 million. The company employs 145 people in Miami and an additional 1,200 people at call centers its subsidiaries

operate in Costa Rica, the Dominican Republic and Ghana, Budwick said.

BellSouth contends it is owed “tens of millions of dollars” for expenses Supra incurred from July 2002 through October 2002, said BellSouth attorney James Fierberg, of Berger Singerman, a Miami law firm.

BellSouth and the committee representing Supra’s creditors have agreed to hire Chanin Capital Partners, a New York investment bank that will work with The Babcock Group to help Supra find a buyer, Fierberg said.

Per the judge’s decision, the two sides and their respective investment banks have agreed to work cooperatively, Fierberg said. If Supra found a buyer within eight weeks, he said, “that would be a good thing.”