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Supra Telecom names possible buyer for $26M

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Supra Telecommunications has identified Endeavor Capital Management, a Westport, Conn., venture capital firm, as a buyer for the Miami-based phone company.

In documents filed with the U.S. Bankruptcy Court late Tuesday, Supra said it has worked out the major elements of a stock purchase agreement with Endeavor calling for a $26 million investment including $18 million equity and $8 million in debt.

Endeavor would assume all of Supra's $48.5 million in debt, including the $18.3 million Supra has agreed to pay BellSouth to settle the billing dispute between the two companies.

The venture firm would arrange financing to repay BellSouth. The amount Supra owed BellSouth already has been negotiated and approved by the court, covering what Supra owes for leasing portions of BellSouth's network to provide local service. This dispute is what drove Supra to seek bankruptcy protection in October 2002.

Supra has also asked the bankruptcy court for additional time to complete its negotiations with Endeavor because the venture firm's equity sponsor needs to complete its own due diligence work.

Initially, the court had set Oct. 13 as the date for the auction. Supra has asked to defer the auction by a week. The auction allows other bidders for Supra to come forward.

Michael Budwick and Peter Russin, attorneys at Meland Budwick, P.A. who are representing Supra, said the company's reorganization plan calls for Supra's creditors, including BellSouth, to receive 25 percent of what they are owed when the plan is approved. The balance would be paid over the next 36 months with interest.

Endeavor officials couldn't be reached for comment on their negotiations with Supra.

If Supra can't finalize the deal with Endeavor, the company set an opening price at $25 million with escalating increments of $250,000.

Russin said the company is expecting additional bidders to be present at the auction. He said Supra's investment bankers have fielded more than a dozen inquiries.