

The Virgin Islands Consortium

Choice Communications To Acquire Innovative Group Of Companies For \$145 Million

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ST. CROIX -- Atlantic Tele-Network (ATN), which operates in the territory as Choice Communications, today announced it has entered into an agreement to acquire all of the membership interests of Caribbean Assets Holdings LLC, the holding company for the Innovative group of companies operating cable TV, Internet and landline services primarily in the U.S. Virgin Islands from the National Rural Utilities Cooperative Finance Corporation (CFC), a press release ATN issued today has revealed.

ATN, a publicly-traded company, is headquartered in Beverly, Massachusetts, and provides telecommunications services to rural, niche and other under-served markets and geographies in the United States, Bermuda and the Caribbean and owns and

operates solar power systems in select locations in the United States, according to the release.

The company will purchase the Innovative operations for a purchase price of approximately \$145 million, subject to certain purchase price adjustments, with \$85 million payable in cash and the option to finance the remaining \$60 million of the purchase price with a loan from an affiliate of CFC, the Rural Telephone Finance Cooperative.

With the purchase, ATN's current operations in the U.S. Virgin Islands under the "Choice" name will be combined with Innovative to deliver residential and business subscribers a full range of telecommunications and media services, the release further stated. Subject to customary closing terms and conditions, the Company currently expects to complete the transaction in mid-2016.

The Consortium [recently reported](#) on CFC's plan to sell the company in a piece that revealed its decision to make redundant some 80 employees. The information was relayed to the publication by employees present at the meeting, who know the inner workings of the company and requested anonymity to speak freely on the matter.

Innovative has arms in St. Maarten, Tortola and the U.S. Virgin Islands. However, the meeting was only held with employees in the territory.

Shawn O'Donnell, president and chief executive officer at Caribbean Asset Holdings (Innovative Companies) — part of RFTC, the company owing the Government of the Virgin Islands [hundreds of millions in taxes](#) — informed employees on both islands through conference call on Tuesday, Sept. 15, that the company had to let go 80 people as it's in the process of selling, and would offer bonus packages to those who chose what Innovative is calling "voluntary separation" to employees eligible for retirement.

CFC also [planned on selling](#) its modern building, pictured atop as the feature image for this story, and located on this island. Senate Democrats recently toured the facility, but recieved push back from the community -- and Sen. Nereida Rivera-O'Reilly -- when their plans were revealed by [The Consortium](#).

"This transaction is aligned with our strategy of building out our service offerings in geographies where we see the potential to create long term value," said ATN Chief Executive Officer, Michael Prior. "ATN's Choice subsidiary has been providing a variety of telecommunications services in the U.S. Virgin Islands for the past 16 years, and it is a market we know well. With this acquisition, we will have a strong foundation for delivering a high quality, comprehensive range of residential and business services."

He continued: "While CFC has made substantial investments and improvements in Innovative since taking ownership, the company has been operating at a loss for a number of years. Our goal is to use our deep local roots, significant investment capability and decades of telecom operating experience to deliver services to customers at a great value and with a superior customer experience, and all of our employees will be completely focused on that mission. We embrace the challenge of continuing and expanding on CFC's progress and returning this business to profitability."

The Innovative group of companies were once owned by Jeffery Prosser, who lost the companies in bankruptcy to Rural Telephone Finance Cooperative in 2008.

According today's release, ATN is also acquiring Innovative's smaller cable TV operations in the British Virgin Islands and St. Maarten as part of the transaction. For its most recently completed fiscal year, ended May 31, 2015, Innovative's company-wide operations had approximately \$100 million in revenue. ATN expects the combined company to have aggregate annual revenues of around \$110 million and initial [EBITDA margins](#) between 20% and 25% for the first full year of operations (excluding one-time integration and transactional expenses). Subject to an ongoing review of asset values and the application of purchase accounting, the Company currently expects the transaction to be modestly [accretive](#) to net income for the first full year following close.

The agreement is subject to customary closing terms and conditions, the expiration of the [Hart-Scott Rodino](#) waiting period and the receipt of approvals from the Federal Communications Commission and regulatory authorities in the U.S. and British Virgin Islands and St. Maarten.