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NRUCFC Sees Positive Changes in Reorganization of Innovative Communication Corporation

HERNDON, Va.—After years of legal wrangling, significant progress has been made in the reorganization and restructuring of Innovative Communication Corporation (ICC) in the U.S. Virgin Islands. These are positive developments that will help to satisfy ICC's creditors, including Rural Telephone Finance Cooperative (RTFC), which is a managed affiliate of National Rural Utilities Cooperative Finance Corporation (NRUCFC).

This past spring, U.S. Bankruptcy Court Judge Judith K. Fitzgerald appointed Trustee Stan Springel to oversee the reorganization of the ICC enterprise. This fall, she appointed James Carroll to oversee the personal bankruptcy of Jeffrey Prosser. There has been significant positive progress on both fronts since these trustees assumed control.

“Judge Fitzgerald’s appointment of appropriate oversight mechanisms in these cases has made all the difference in our ability to understand what has been happening behind the scenes at Innovative,” said Sheldon C. Petersen, CEO of both NRUCFC and RTFC. “We are now receiving accurate financial reports and the openness and transparency are a welcome change. The trustees are also providing much-needed fiscal management to minimize and eliminate leakages from the bankruptcy estates, which will allow us to resolve this longstanding and difficult situation.”

On the ICC front, Trustee Springel has announced that no rank-and-file employee layoffs are planned, though he has made significant management changes, including the dismissal of Prosser and his long-time directors and officers. A new board of directors has been named at Innovative Telephone, which has installed a new management team led by E. Clarke Garnett.

“Garnett has hands-on experience with rehabilitating telecom companies that will allow him to reaffirm the company’s commitment to its employees, high-quality customer service and building a stronger ICC,” stated NRUCFC and RTFC CFO Steven Lilly.

“Throughout this difficult process,” Lilly continued, “NRUCFC and RTFC have been resolute and patient in their efforts to be repaid and have remained unwavering in their underlying mission to provide capital for rural infrastructure. We believe in and support the work of Trustee Springel and his management team, which will make ICC better able to serve its employees and customers in the Virgin Islands.”

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“All of these developments are good news for the residents of the Virgin Islands,” said former Senator Roosevelt David, who has been working with NRUCFC and RTFC in the Virgin Islands since last August. “New management is changing the way that ICC does business. This new leadership, along with NRUCFC and RTFC, has pledged to work to make the company stronger and to provide excellent telecommunications service in the Virgin Islands. As they continue their work, I would ask for patience from the residents of the Virgin Islands.”

National Rural Utilities Cooperative Finance Corporation is a not-for-profit finance cooperative that serves the nation’s rural utility systems, the majority of which are electric cooperatives and their subsidiaries. With more than \$18 billion in assets, NRUCFC provides its member-owners with an assured source of low-cost capital and state-of-the-art financial products and services.

Rural Telephone Finance Cooperative is a not-for-profit finance cooperative that serves the financial needs of the rural telecommunications industry. RTFC has approximately \$2 billion in credit outstanding to its rural telecommunications members and their affiliates and is a managed affiliate of NRUCFC. Both NRUCFC and RTFC are headquartered in Herndon, Virginia.

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